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PUBLIC-PRIVATE VENTURES FOR MORALE, WELFARE, AND RECREATION ACTIVITIES

A Solution to the Loss of Appropriated Funds

Volume 7: Appendices O, P, and Q

Report NA705R1

July 1990

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In 1987, Congress reduced appropriated funds support for the Services' Morale, Welfare, and Recreation (MWR) programs, causing price increases, reductions in services, and fewer capital improvements. This report studies the feasibility and desirability of public/private ventures (P/PVs) as an alternative to five Government-operated MWR activities: golf courses, bowling centers, clubs, marinas, and theaters. In a P/PV, a private company under contract to an installation would fund and construct capital improvements to one or more MWR activities, and own, operate, and maintain those activities at its own risk of profit or loss, possibly sharing profits with the installation. The study looks at nine test sites and where appropriate offers example requests for proposals. The advantages of P/PVs are access to private capital, freedom from many of the Government's contracting, employment, and operating restrictions, industry expertise and profit-making practices, and the potential of opening MWR activities to the general public. P/PVs can play a major role in MWR although they are not feasible for every MWR activity or all installations. Marinas present the most lucrative P/PV opportunities. Navy theaters are not recommended for P/PVs. Golf, bowling, and club P/PVs are feasible within certain parameters. Keywords: financial management, [illegible]

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PREFACE

This is Volume 7 of an eight-volume report; this volume consists of Appendices O, P, and Q. Volume 1 describes the findings, conclusions, and recommendations of our study of public/private ventures in the financing, construction, and operation of Navy morale, welfare, and recreation (MWR) facilities.

Volume 2 presents Appendices A through E; Volume 3, Appendix F; Volume 4, Appendices G, H, and I; Volume 5, Appendices J, K, and L; Volume 6, Appendices M and N; and Volume 8, Appendices R and S.

APPENDIX O

A STRATEGY FOR A SUCCESSFUL PUBLIC/PRIVATE VENTURE MARINA NAVAL AIR STATION JACKSONVILLE, FLORIDA

PREFACE

Appendix O was originally published separately as a temporary LMI report with a restricted distribution. For ease of reprinting Appendix O for this report, we have converted Figures 2a through 5c into Tables 2 through 6.

A STRATEGY FOR A SUCCESSFUL PUBLIC/PRIVATE VENTURE MARINA

Naval Air Station
Jacksonville, Florida

Report NA705TR6

May 1990

Jordan W. Cassell
Robert L. Crosslin

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Naval Air Station
Jacksonville, Florida

OVERVIEW

The Military Services are looking for private-sector participation to maintain the quality of many of their present morale, welfare, and recreation (MWR) functions and to compensate for the loss of appropriated fund (APF) support. The Navy has tasked Logistics Management Institute (LMI) to study the feasibility of providing equivalent MWR functions through public/private ventures (P/PVs).

In this paper, we present a strategy that continues to meet the demand for marina services at the Naval Air Station (NAS) Jacksonville, Florida, using a P/PV. We have compared the feasibility of continued in-house operation with pursuing a P/PV for the existing marina.

To launch such a P/PV, NAS Jacksonville, through its nonappropriated fund instrumentality (NAFI), contracts with a private company for both capital improvements to and operation of the marina for a specified number of years. The NAFI makes no guarantee nor does it provide any payment to the contractor; the contractor assumes the risk of profit or loss in operating the marina, but it may share profits with the NAFI.

The existing marina at NAS Jacksonville has 21 wet slips, 63 moorings, and 140 dry storage spaces. Of the total number of boats that are in the water, 89 percent are sailboats; of the boats in dry storage, 70 percent are power boats. The sizes of existing boats in the marina range from 15 feet in dry storage, to 35 feet in the wet slips, and up to 45 feet in the moorings.

The marina physical plant includes several small buildings, approximately 82 parking spaces which are shared with other users, and the following specific facilities:

- Double-launch ramp with dock
- Fenced, unpaved dry storage area
- Two wooden piers
- Unleaded gasoline dispenser
- Above-ground 3,000 gallon gasoline storage tank
- Two restrooms without showers
- Boats for rent.

RECOMMENDATIONS

Logistics Management Institute recommends that a request for proposal (RFP) be issued for a contract to set up a P/PV for the marina at NAS Jacksonville to replace the in-house operation. Such a marina with 275 wet slips and 225 dry storage spaces could return between $1.5 million and $3.1 million to the local NAFI over a 25-year term or an average of $60,000 to $125,000 a year. Furthermore, NAS Jacksonville would receive approximately $3.1 million in capital improvements that would revert to the NAFI at the end of the contract.

APPROACH

Logistics Management Institute first reviewed the operational requirements of marinas and the data relevant to those operations. A preliminary analysis was then conducted to determine the economic feasibility of a P/PV at the existing marina at NAS Jacksonville. NAS Jacksonville volunteered and was selected by the Naval Military Personnel Command (NMPC) for study as a test site for a marina P/PV. That analysis combined case study data with actual operational costs and revenues of the NAS Jacksonville marina. Finally, we developed a pro forma income statement to forecast how the site would operate as a private concession.

MARINA PRIVATIZATION CASE HISTORIES

One of the best known examples of a successful P/PV marina is Marina Del Rey in Los Angeles County, California. That project began with Federal assistance in the

late 1950s and opened in 1965 with 5,600 slips on 780 acres. Today, with 6,200 slips, the project generates enough money to pay for all police services and fire protection in Marina Del Rey and all beach lifeguard services as well. Marina Del Rey has lease agreements with 50 different tenants including hotels. The Los Angeles County Government receives fees based on a percentage of gross receipts. Altogether, the marina adds $16 million annually to the general fund of Los Angeles County.

The marina at Racine, Wisconsin, on Lake Michigan is another example of a P/PV. After undergoing a gradual economic decline through the 1980s, the city of Racine turned to its waterfront as the lure that sparked a dramatic downtown reinvestment by private developers. A key element of the plan included a 1,000-slip marina along with $11 million in harbor improvements. Additional examples include the numerous marinas that have been developed through P/PV agreements with the U.S. Army Corps of Engineers and the National Park Service. Furthermore, the interest in developing partnerships between local jurisdictions and private operators continues to grow. A P/PV proposal for a marina is under consideration in Woodbridge, Virginia, on the Potomac River.

Rising land costs, constrained municipal budgets, and a need to provide quality recreational services at a reasonable cost add to the attractiveness of P/PVs for marinas. Local governments choose to enter into such partnerships for several reasons. The following are significant:

- First, P/PVs provide a means to upgrade the service of existing marinas (e.g., Washington Sailing Marina, Alexandria, Virginia and Mission Bay Sports Center, San Diego, California).
- Second, P/PVs are seen as a way of sharing costs and providing a facility that would otherwise not be built (e.g., Woodbridge, Virginia and Racine, Wisconsin).
- Third, P/PVs provide a service at no cost to the Government and can even provide revenue to the Government (e.g., Marina Del Rey, Los Angeles).
- Fourth, P/PVs offer a lower cost alternative to public operations.

Overall, these same factors may make a P/PV feasible for military marina operations. As with municipal marinas, not all military marina operations are

feasible candidates for P/PVs. The primary decision factors for both municipal and military marinas are these economic and market conditions:

- Size and composition of potential marina customer market
- Civilian market fees and competition
- Projected number of slip rentals.

In addition to these general factors, the special requirements of a military installation add the following contractual and policy factors to be considered in the analysis:

- Whether to open the marina to DoD civilians
- Limitation on maximum fees
- Environmental concerns.

NAVAL AIR STATION, JACKSONVILLE, FLORIDA

NAS Jacksonville Marina Site

The NAS Jacksonville marina is located about 30 miles inland from the Atlantic Ocean on the St. Johns River and occupies approximately 4 acres of land as well as 29 acres of submerged lands. The location of the marina is indicated in Figure 1. The St. Johns River is tidal, and is one of the few rivers in the world that flows north. Near the NAS Jacksonville marina, the river is approximately 3.5 miles wide and provides an excellent opportunity for recreational sailing, power boating, water skiing, and fishing. Numerous civilian marina facilities are located on the river nearby.

Current Marina Operations

NAS Jacksonville marina program revenues in FY89 were $101,253, and expenses were $79,543. Thus, the station showed a profit of $21,710; however, that computation does not take into account the cost of various capital improvements, which are treated like grants from the NMPC central NAFI. Furthermore, the expenses do not include employee benefits of $5,144 for FY89 which were also paid from NMPC's central NAFI.[1] The present NAS Jacksonville marina user fees are

[1]These figures exclude revenues and expenses from other recreational equipment rentals like tents and canoes which would continue to be operated by the NAFI under a PPV marina contract.

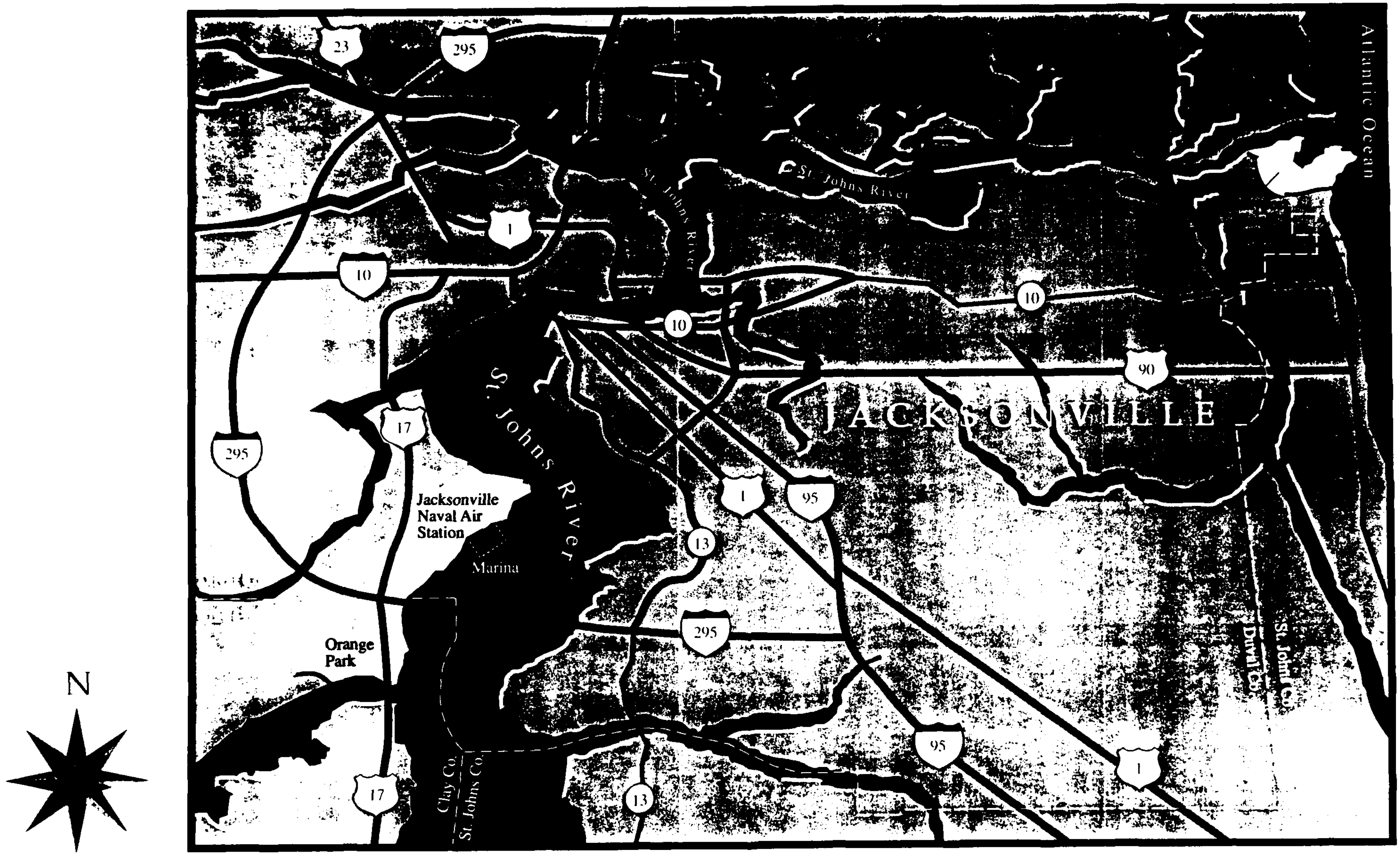


FIG 1 LOCATION OF NAS JACKSONVILLE MARINA

approximately 50 percent below the median fee charged by comparable civilian marinas in the area (see Table 1).

Potential Market Demand

The NAS Jacksonville marina is located in a popular recreational boating area with very convenient access by water and by auto.

In the four counties of the Jacksonville metropolitan area, there are now approximately 39,000 boats 12 feet or longer.[2] Of the 340,000 families in the area, about one in ten owns a boat.

There are approximately 66,000 authorized users in the Jacksonville area (see Table 2). We used a very conservative judgment to estimate the potential authorized user demand figures from this population. We assumed the percentage of authorized users owning pleasure boats 12 feet or longer to be lower than the percentage in the overall Jacksonville area because of the cost of owning, storing, and operating a boat of this size.[3] Our estimate of the percentage of boat ownership of each segment of the authorized user population ranges from a low of one-half of 1 percent to a high of 5 percent. The weighted average of our estimate is 2.4 percent of all authorized users, or about 1,600 owners of boats of 12 feet or greater (see Table 2).

Information on the number of these authorized user boat owners that would rent wet or dry slips at NAS Jacksonville was obtained from several sources:

- Information on NAS Jacksonville Yacht Club members
- A marina usage questionnaire that was made available to put runs at strategic locations on the installation specifically for this study
- Information from a 1987 comprehensive recreation survey conducted at NAS Jacksonville.

Based on these sources, we estimated demand rates for various segments of the authorized user boat owner population. The estimated demand rates, and resulting estimated number of wet and dry slips desired, are summarized in Tables 2 through 6. Tables 4 and 6 breakout the estimated demands by sailboats and

[2]This figure derives from a 1989 study of the Jacksonville marina market made by Davol Associates.

[3]These estimates are based on a market demand study of the Jacksonville marina market, including NAS Jacksonville, made by Davol Associates.

TABLE 1

CIVILIAN MARINA FEES

Marina	Slip rental fees (1)	Percentile (2)
Camachee Cove Yacht Harbor	$6.00	<100th percentile
Ortega Yacht Club Marina	$5.25	
Jacksonville Beach Marina	$5.17	
Pablo Creek Marina	$5.00	
Lamb's Yacht Center, Inc.	$5.00	
Amelia Island Yacht Club	$5.00	
Oasis Marina	$4.75	
Harbormaster's Marina	$4.75	< 75th percentile
Whitney's Marina	$4.50	
Fernandina Harbor Marina	$4.50	
Goodbys Lake Marina	$4.33	
Jacksonville Yacht Basin	$4.25	
Ortega River Boat Yard	$4.25	
Lighthouse Marina	$4.16	
Continental Yacht Club	$4.15	
Inlet Marine	$4.00	< 50th percentile
Sadler Point Marina	$3.97	
Jacksonville Rudder Club	$3.96	
Julington Creek Marina	$3.67	
Green Cove Springs Marina	$3.50	
Mandarin Holiday Marina	$3.50	
Sister's Creek Marina	$3.50	
Julington Creek Pier 3	$3.25	
Amity Anchorage	$3.25	< 25th percentile
Seafarer's Marina	$3.20	
Bull Bay Pier	$3.15	
Duck Pond Fish Camp	$3.07	
Dillman's Marina	$3.00	
Edwards Marina	$3.00	
Trout River Marina	$3.00	
Fourteenth Street Marina	$2.73	

	Marinas with floating docks (3)	Marinas with fixed docks (3)	Total marina market (3)
Unweighted average	$4.96	$3.64	$4.03
75 percent of unweighted average	$3.72	$2.73	$3.02
Median	$5.00	$3.50	$4.00
75 percent of median	$3.75	$2.63	$3.00

Source: Davol Associates

Notes: (1) Some of the marinas charge a variety of monthly rental rates based on owner's preference, length of lease term, whether or not renter is a live-aboard, and other factors. Therefore, the rates shown are estimates of the average monthly rates for boaters who need a slip or place to dock for a day, or a week, and range from $0.60 per foot per day to $1.00 per foot per day. Weekly rates were as high as $4.00 per foot, etc. When the marina surveyed used a flat amount for its monthly rate, this amount was converted to a per foot basis by dividing the amount by the average size boat at the marina. If the marina had a small monthly membership fee, in addition to a monthly rate per foot, that fee was divided by the average boat size at the marina and added to the monthly rate per foot. If the marina had a lower rate for uncovered slips and a higher rate for covered slips, the uncovered slip rate was used. (2) The percentiles fall at intervals of 7.75; the percentiles occur at intervals of 8 and 7 because 31 is an odd number. (3) If the marina surveyed had a mix of floating and fixed docks, the marina was categorized in the aggregate rate calculation based on its predominate dock type.

TABLE 2

NAS JACKSONVILLE MARINA
ESTIMATED BOAT OWNERSHIP BY AUTHORIZED USER POPULATION

Authorized user segment	Population	Boat owners[a]	
		Demand Rate (%)	Demand
Active duty personnel			
NAS Jacksonville			
Officers	1,732	4	69
Enlisted	8,389	1	84
NAS Cecil Field			
Officers	1,016	4	41
Enlisted	8,302	1	83
NAVSTA Mayport			
Officers	1,312	3	39
Enlisted	16,438	0.5	82
Total	37,189	1.1[b]	398
Retired military personnel			
Jacksonville area			
Officers	3,668	5	183
Enlisted	12,863	5	643
Total	16,531	5[b]	826
Military reservists			
Jacksonville area			
Officers	684	3	21
Enlisted	2,901	3	87
Total	3,585	3[b]	108
DoD cililians			
NAS Jacksonville	6,826	3	205
NAS Cecil Field	627	3	19
NAVSTA Mayport	949	3	28
Clay County	191	3	6
St. Johns County	208	3	6
Total	8,801	3[b]	264
Total	66,106	2.4[b]	1,596

Source: Devol Associates

Notes: a Estimated percentage of each population segment owning boats 12 feet or greater in length.
b Weighted average (rounded off)

powerboats for wet slips and dry storage, respectively. The low estimate, which we use as the baseline in our financial analyses, and also recommend as the minimum size for initial development purposes, is 275 total wet slips and a total of 225 dry storage spaces. The high estimates are 420 total wet slips and 355 total dry storage spaces.

Competition in the Area

The 34 civilian marinas located in the immediate Jacksonville area have a total capacity of nearly 3,100 slips, with very few vacancies. Waiting lists at several marinas were as high as 45 boat owners. There are no other military marinas in the area.

Development Potential

The NAS Jacksonville marina is located on an excellent site that could be easily expanded to support 900 wet slips. There is adequate upland space and water area to support this larger marina complex. However, the average water depth at the marina site is only 4 feet mean low water (MLW). Since the draft of most sailboats is between 4 and 5 feet, the ideal project water depth should be at least 6 feet below the MLW datum which provides a minimum of 1 foot clearance between the keel bottom and the mudline. During dredging operations, the bottom should be initially dredged to 7 feet MLW to provide 1 foot of advanced maintenance dredging. Approximately 22,000 cubic yards of material will be dredged to expand the marina.

EXPANDED MARINA DESIGN FEATURES

The description of the expanded marina and its environmental factors are based on a detailed engineering study conducted by Edge and Associates, Inc., that assessed the potential for development. The design of a new marina facility requires consideration of not only the docks but also the supporting on-land and in-water requirements as well as its environmental feasibility. Underlying the concept design is creation of a facility in which it would be appropriate for the private sector to make a capital investment commensurate with the return expected.

Plans for two alternative designs are shown in Figures 2 and 3. The first design is for a facility with 275 wet slips and the second design is for a 420-wet slip facility. These designs accommodate 225 and 368 dry slips, respectively. The sizes of these

TABLE 3

NAS JACKSONVILLE MARINA
ESTIMATE OF MARKET SHARE FOR WET SLIPS

Authorized user segment	Usage[a]	Wet slip demand rate		Wet slip demand	
		Low (%)[b]	High (%)[b]	Low	High
Active duty personnel					
Wet slips	19	100	100	19	19
Moorings	24	100	100	24	24
Dry storage	69	10	10	7	7
None	286	15	25	43	72
Total	398	23[c]	31[c]	93	121
Retired military personnel					
Wet slips	2	100	100	2	2
Moorings	36	100	100	36	36
Dry storage	27	10	10	3	3
None	761	15	25	114	190
Total	826	19[c]	28[c]	155	231
Military reservists					
Wet slips	0	0	0	0	0
Moorings	0	0	0	0	0
Dry storage	0	0	0	0	0
None	108	5	15	5	16
Total	108	5[c]	15[c]	5	16
DoD civilians					
Wet slips	0	0	0	0	0
Moorings	0	0	0	0	0
Dry storage	5	0	0	0	0
None	259	10	20	26	52
Total	264	10[c]	20[c]	26	52
Total	1,596	17[c]	26[c]	275	420

Source: Devol Associates

Notes: a Number of authorized users in the target market who were storing their boats at the NAS Jacksonville marina as of June 1989.

b Estimate of the demand rate for wet slips (floating docks) if existing moorings are eliminated and if the rental rate is no higher than $3.75 per foot per month (75 percent of market median for comparables) in 1989 dollars.

c Weighted average (rounded off)

TABLE 4

NAS JACKSONVILLE MARINA
ESTIMATE OF SAILBOAT AND POWERBOAT MARKET SHARE FOR WET SLIPS

Target market	Usage[a]	Wet slip demand rate		Wet slip demand	
		Low (%)[b]	High (%)[b]	Low	High
Sailboat owners					
Wet slips	18	100	100	18	18
Moorings	54	100	100	54	54
Dry storage	30	10	10	3	3
None	217	31	42	67	91
Total	319	45[c]	52[c]	142	166
Powerboat owners					
Wet slips	3	100	100	3	3
Moorings	6	100	100	6	6
Dry storage	71	10	10	7	7
None	1,197	10	20	121	239
Total	1,277	11[c]	20[c]	137	255
Total	1,596	17[c]	26[c]	275	420

Source: Davol Associates
Notes: a Number of authorized users in the target market who were storing their boats at the NAS Jacksonville marina as of June 1989.
b Estimate of the demand rate for wet slips (floating docks) if existing moorings are eliminated and if the rental rate is no higher than $3.75 per foot per month (75 percent of market median for comparable marinas) in 1989 dollars.
c Weighted average (rounded off).

marina designs are generally consistent with the potential market demand. The distribution of slip sizes for both marina concepts are listed in Table 7.

The distribution of slip sizes is based on observation of nearby marinas, discussions with marina developers, and professional judgment. Larger boats can be berthed at the facility when the end of a T-head is available. Support facilities for the alternative concepts will differ because of the number of boats involved.

Fuel Dispensing/Storage

We recommend that the new facility include two 10,000 gallon tanks; one for diesel fuel and the other for unleaded fuel. The existing 3,000 gallon tank can be converted to mixed fuel for 2-cycle outboard engines.

TABLE 5

NAS JACKSONVILLE MARINA
ESTIMATE OF MARKET SHARE FOR DRY STORAGE

Authorized user segment	Usage[a]	Dry storage demand rate		Dry storage demand	
		Low (%)[b]	High (%)[b]	Low	High
Active duty personnel					
Wet slips	19	0	0	0	0
Moorings	24	0	0	0	0
Dry storage	69	90	90	62	62
None	286	10	20	29	57
Total	398	23[c]	30[c]	91	119
Retired military personnel					
Wet slips	2	0	0	0	0
Moorings	36	0	0	0	0
Dry storage	27	90	90	24	24
None	761	10	20	76	152
Total	826	12[c]	21[c]	100	176
Military reservists					
Wet slips	0	0	0	0	0
Moorings	0	0	0	0	0
Dry storage	0	0	0	0	0
None	108	5	15	5	16
Total	108	5[c]	15[c]	5	16
DoD civilians					
Wet slips	0	0	0	0	0
Moorings	0	0	0	0	0
Dry storage	5	100	100	5	5
None	259	10	20	26	52
Total	264	12[c]	22[c]	31	57
Total	1,596	17[c]	26[c]	225	365

Source: Devol Associates

Notes: a Number of authorized users in the target market who were storing their boats at the NAS Jacksonvile marina as of June 1989.

b Estimate of the demand rate for wet slips (floating docks) if existing moorings are eliminated and if the rental rate is no higher than $3.75 per foot per month (75 percent of market median for comparables) in 1989 dollars.

c Weighted average (rounded off)

TABLE 6

NAS JACKSONVILLE MARINA
ESTIMATE OF SAILBOAT AND POWERBOAT MARKET SHARE FOR DRY STORAGE

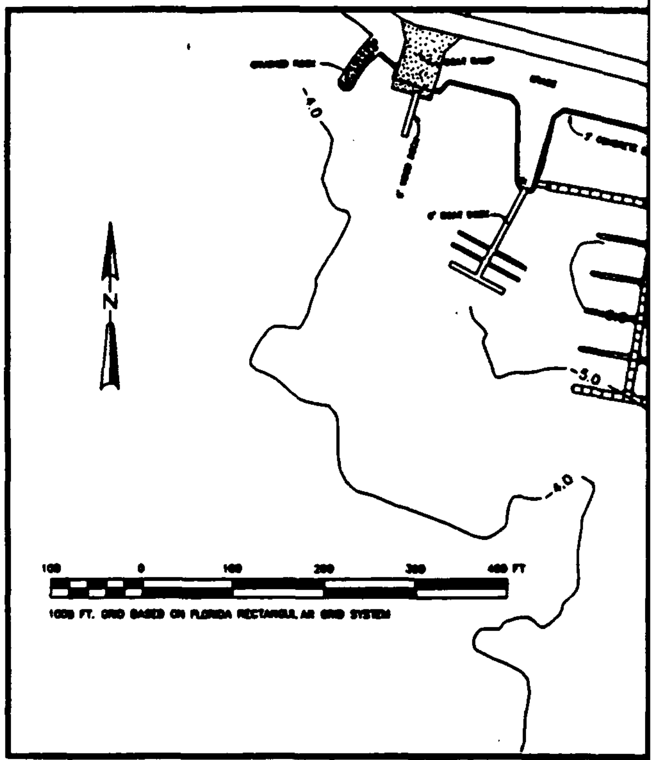
Target market	Usage[a]	Dry storage demand rate		Dry storage demand	
		Low (%)[b]	High (%)[b]	Low	High
Sailboat owners					
Wet slips	18	0	0	0	0
Moorings	54	0	0	0	0
Dry storage	30	90	90	27	27
None	217	8	15	17	31
Total	319	14[c]	18[c]	44	58
Powerboat owners					
Wet slips	3	0	0	0	0
Moorings	6	0	0	0	0
Dry storage	71	90	90	64	64
None	1,197	10	21	120	246
Total	1,277	14[c]	24[c]	184	310
Total	1,596	14[c]	22[c]	225	365

Source: Davol Associates
Notes: a Number of authorized users in the target market who were storing their boats at the NAS Jacksonville marina as of June 1989.
b Estimate of the demand rate for wet slips (floating docks) if existing moorings are eliminated and if the rental rate is no higher than $3.75 per foot per month (75 percent of market median for comparable marinas) in 1989 dollars.
c Weighted average (rounded off).

Parking

The International Marina Institute (IMI) recommends that parking space be provided on the basis of "one car for every two boats."[4] Additional parking space is available near the proposed marina site that could be used on holidays and weekends. During the period of maximum marina use there would be minimum demand for this other parking. The proposed parking plan provides parking for 250 vehicles for Concept A and 394 vehicles for Concept B; the 82 existing parking spaces will fill part of this requirement. Any additional demand can be accommodated by nearby paved parking or grass parking.

[4]Neil W. Ross, *Auto Parking in Marinas*, IMI, Marina Design and Engineering Conference, December 1987.



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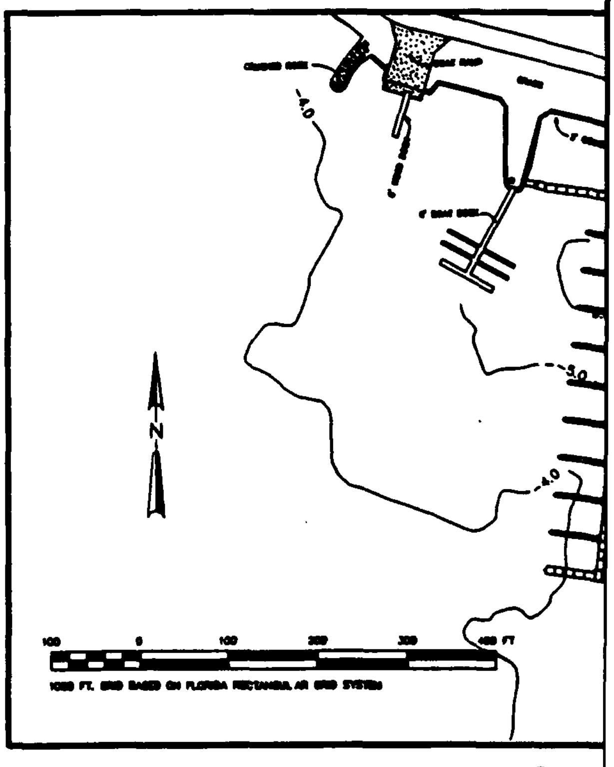

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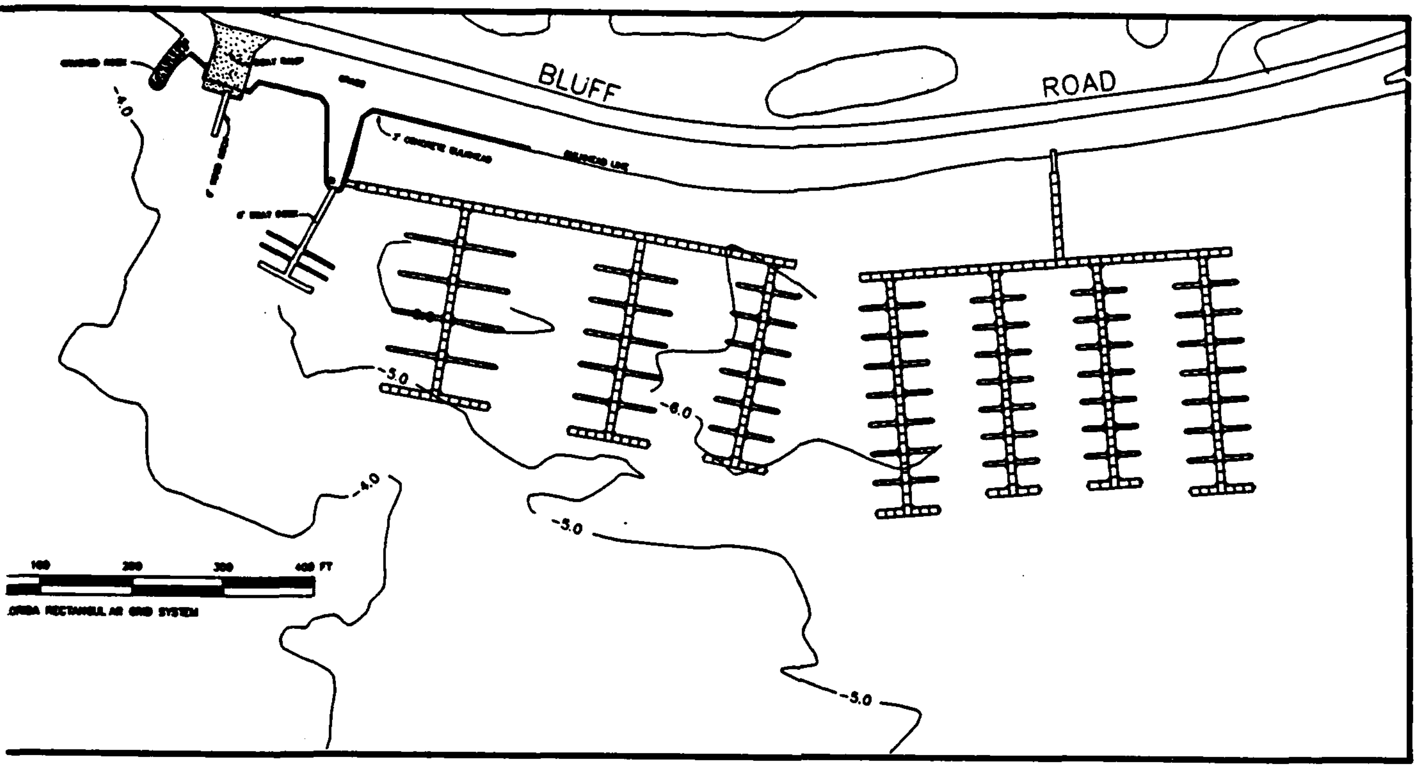
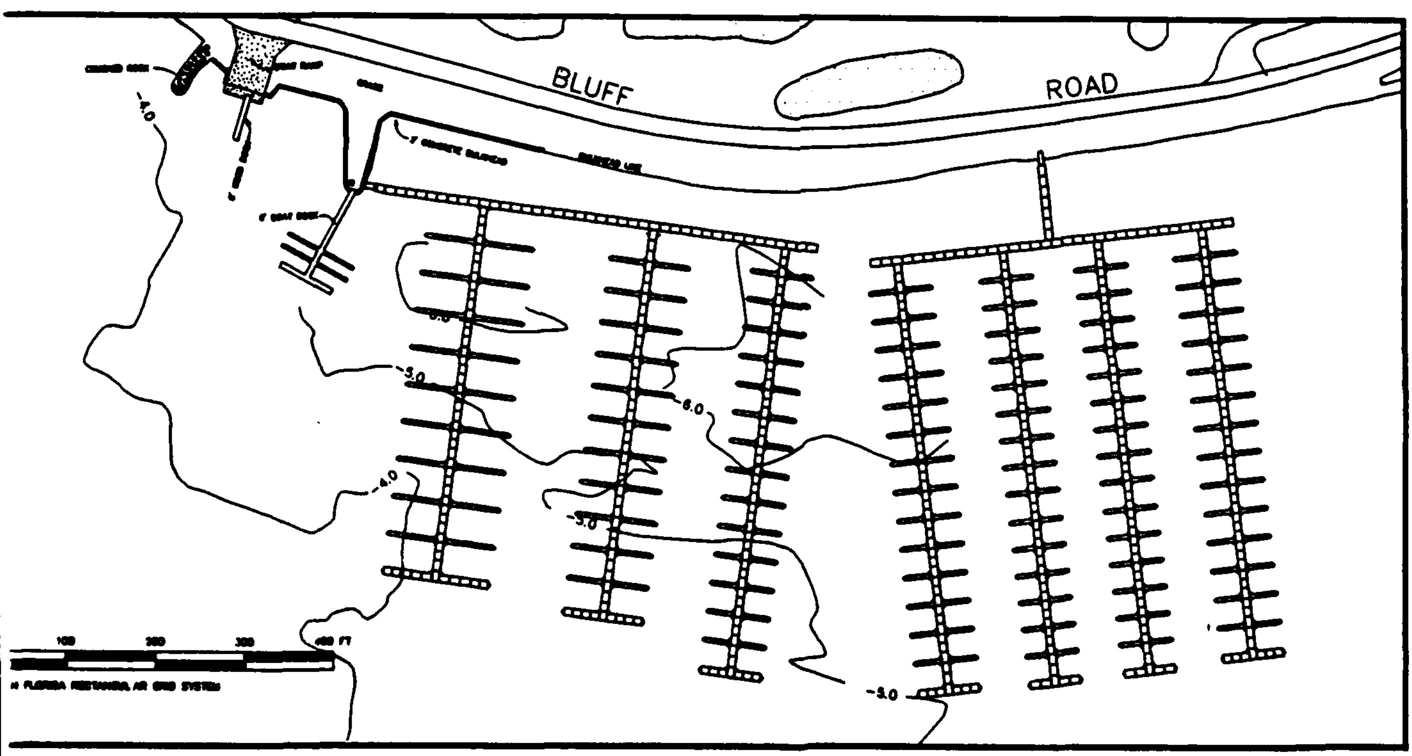


Source: Edge & Associates, Inc.

FIG. 2. MARINA LAYOUT FOR NAS JACKSONVILLE, FLORIDA – CONCEPT A



Source: Edge & Associates, Inc.

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FIG. 3. MARINA LAYOUT FOR NAS JACKSONVILLE, FLORIDA – CONCEPT B

TABLE 7

SLIP SIZE DISTRIBUTION

Slip length (feet)	Slips	
	Concept A (Figure 3)	Concept B (Figure 4)
26	80	126
32	135	202
42	34	50
56	26	42
Total	275	420

Repair Facilities

The proposed marina expansion should include facilities for minor repairs; however, neither Concept A nor Concept B has provisions for such major repair facilities as a travel lift to retrieve large boats from the water for cleaning, painting, and major overhaul. There is no adequate justification for such a repair facility considering the limited land available and the regulatory issues that would arise.

Harbormaster's Office

The existing harbormaster's office complex consists of three metal buildings with approximately 3,700 square feet. If renovated, these buildings will be adequate to accommodate an office, a chandlery, restrooms, and a food and beverage bar.

These functions are discussed in more detail below:

- *Chandlery:* A store that sells boating supplies is a necessary part of any marina as a convenience to the boater and to provide additional revenue to the owner-operator. The chandlery should be part of the harbormaster's office.
- *Food and beverage operations:* A restaurant or similar food facility is normally associated with a marina. Its success is dependent on the patrons' view of the nautical activity and aesthetics in general. A profitable food and beverage operation is generally a desirable element in the revenue stream of a marina.

- *Sanitary and hygiene facilities:* Male and female restrooms and shower facilities will be required in the proposed marina. The Florida State Department of Environmental Regulation (DER) dictates the minimum number of facilities to be incorporated into the marina plan depending upon the number of approved slips. For Concept A, three toilets, three lavatories, and two showers will be required for both restrooms. For Concept B, two additional toilets, lavatories, and showers will be required.

Boat Ramp

The existing boat ramp is adequate for launching boats in dry storage and for occasional day users. No changes or modifications are recommended.

Dockside Utilities

The proposed marina will provide water and electrical power to each slip. Also, fire cabinets will be installed at 200-foot centers in accordance with the National Fire Protection Association Code. Each dock will have a dock-box with an installed minipower center individually metered so that the marina operator can bill each slip renter individually for power usage. Electrical power will be provided as 30 amp, 50 amp, and double 50 amp service depending upon location in the marina and the size of the slip.

Docks

Both design concepts incorporate floating concrete piers similar to those at other locations on the St. Johns River. These state-of-the-art floating piers are preferred by potential boaters. Each floating pier will be held in position by 14-inch concrete pilings. The length of the pilings will be dependent on the actual location where they are installed. The top elevation of the piling will be placed 2 feet above the 100-year flood elevation.

Upland Utilities

A new 6-inch water main is required to provide adequate capacity for fire protection. Waste water from boats will be pumped from the pumpout facility on the fuel pier to a manhole located behind the harbormaster's office. Waste water from the restrooms and the marina snack bar will also be pumped to this manhole.

EXPANDED MARINA ENVIRONMENTAL CONCERNS

There are two primary environmental concerns that need to be addressed before the proposed marina expansion is begun. The first is the impact of dredging the bottom sediments to deepen the basin for the new marina. The second major concern is the manatee habitat in the area.

Dredging will require removal and disposal of the sediment in accordance with its quality. If it is hazardous or toxic, it would have to be carried to an ocean disposal site off Mayport, Florida, or deposited in a contained dredge spoil disposal site specifically designed for toxic material. One quarantined spoil site is available at Blount Island, a haul distance of approximately 10 miles. If the material is not hazardous or toxic, it can be placed on land in a disposal site, dewatered and then used for anything, such as landfill topping.

Chemical Testing

To determine the quality of the material to be dredged, Savannah Laboratories and Environmental Services, Inc., was contracted to make a chemical analysis of samples from sites A and B shown in Figure 4. For each of the two sites, environmental pollutants (EP) toxicity tests were made for metals, pesticides, and herbicides. The samples were also scanned for all the priority pollutants plus cyanide and aluminum. At both sites, an elutriate extraction process was run for priority pollutant metals and for aluminum, total kjeldahl nitrogen (TKN), total phosphorous, and total organic carbon (TOC). A site water analysis was also made to be used with the elutriate extraction procedure that included priority pollutant metals, aluminum, TKN, total phosphorous, and TOC. Savannah Laboratories is certified by the Florida DER which ensures that the test results will be acceptable for any future permit applications to the DER and the Environmental Protection Agency (EPA).

There are no problems to be expected in dredging the sediments based on comparison of the chemical results with other sediments being dredged in the area. The Savannah Laboratories test results indicate no EP toxicity, volatiles, or base neutral extractables problems with these sediments. EP metals, EP volatile organic compounds, and base neutral compounds were below detection limits in all cases. The Florida Office of Coastal Management guidelines for interpreting coastal estuarine systems, were published by the Florida DER as *A Guide to the*

Interpretation of Metal Concentrations in Estuarine Systems, in April 1988. According to the guidelines, all metal/aluminum ratios are well within expected normal safe limits for fine-grained sediments. Although some elevated levels of zinc do exist in the elutriate extraction, it is within the safe drinking water standards.

Manatee Habitat

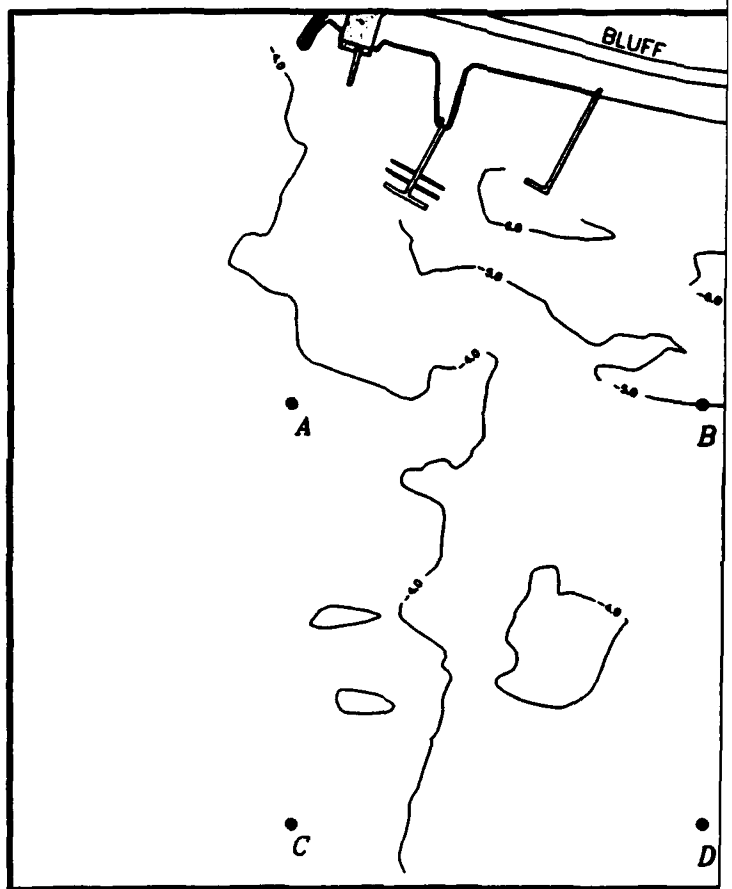
The second major environmental concern is that this part of the St. Johns River has been classified a sanctuary area for the West Indian Manatee (*Trichechus manatus)* by the State of Florida. Much concern exists over the health of the manatees which frequent this area. There are current efforts in the Florida Legislature to require more stringent restrictions on marinas and boaters to protect the manatee. These restrictions could take the form of speed limits for boaters or size limitations on slips and boat ramps in this area.

ENVIRONMENTAL PERMITS

Corps of Engineers

The first of three permits required for the proposed marina will be obtained from the Corps of Engineers. It will either be a Section 10 permit or a Section 404 permit. The Section 10 permit will be sufficient if no filling of wetlands is included as a part of the permit application. Section 404 will be required if there is any discharge into the wetlands. Although Section 404 requires that a 401 Water Quality Certification be issued, it is most likely that the Corps would also require a Section 401 Water Quality Certification for either permit.

As a part of the evaluation of either the Section 404 or Section 10 permit, the Corps of Engineers would identify any potential jeopardy to the endangered manatee. If there is any potential danger, then a Section 7 Consultation with the Fish and Wildlife Service will be required. This consultation can be formal or informal. The only significant difference between these procedures is the length of time involved. If the Fish and Wildlife Service issues a biological opinion that the continued existence of the endangered species will be jeopardized by the proposed marina, then the marina will not be allowed to be built. Early indications from the Fish and Wildlife Service suggest that they would not issue a jeopardy determination as long as there was adequate mitigation for the protection of the manatee and its habitat.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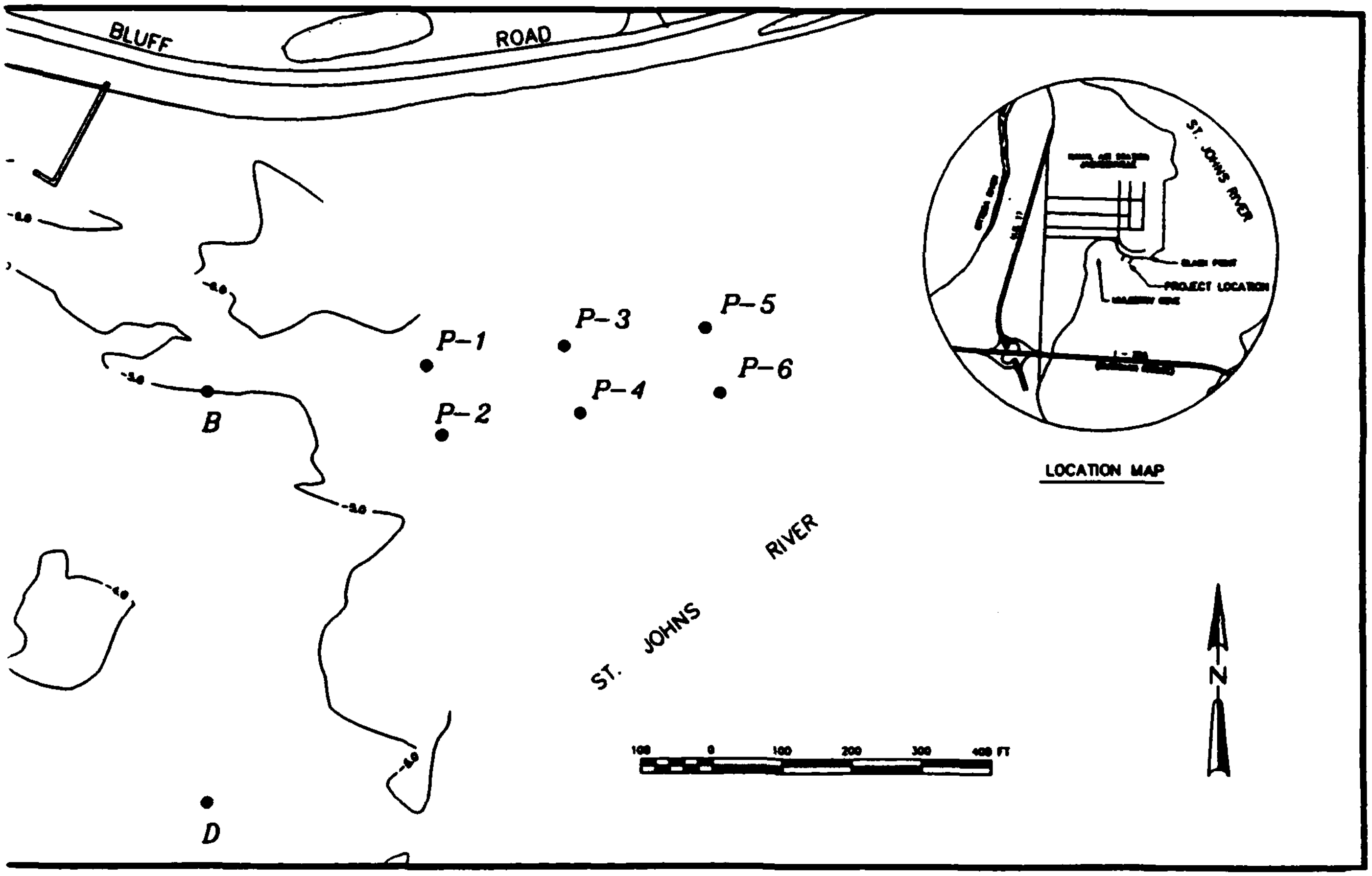

Source: Edge & Associates, Inc.

FIG. 4. LOCATION OF GEOTECHNICAL AND CHEMICAL SAMPLING POINTS

If it is decided to carry the dredge material to an ocean disposal site, then a Section 103 permit must be obtained which will involve the Corps of Engineers and EPA.

Department of Environmental Regulation

The Florida DER will be the lead agency responsible for issuing the Section 401 Water Quality Certification. This certification is mandatory for a Section 404 Corps of Engineers permit and may be required for the Section 10 Corps of Engineers permit. There is no reason to suspect that a 401 Water Quality Certification would not be issued. In addition to the 401 Water Quality Certification, the DER will issue a dredge and fill permit for this project. The DER is the lead state agency in issuing permits under Florida Administrative Code 17-12. Through the DER, other state agencies, including the Endangered Species Section, will make input into the deliberations on the proposed permit. Although the permit will probably be submitted to the district DER office, the main Tallahassee office will analyze the permit application because it evaluates all marina permits, providing a statewide standardized evaluation process.

Department of Natural Resources

The third permit will be required from the Bureau of State Lands of the Department of Natural Resources (DNR). Florida State Statute 253.77(1) prohibits any excavation, construction, or other activity involving the use of "sovereign or other lands of the State" until the board has given a required lease, license, easement, or other form of consent authorizing the proposed use.

St. Johns River Water Management District

The St. Johns River Water Management District is a regulatory authority with jurisdiction in this area. However, it is not expected that NAS Jacksonville will be required to obtain a St. Johns River Water Management Permit since this work is not expected to exceed the thresholds of any management and storage of surface waters, increase the design discharge of the system, increase the pollution loading, or change the points of discharge in a manner that would adversely affect the designed uses of waters of the state.

Regional Impact Report

Florida Statute Chapter 380 and Florida Administrative Chapters 27F-1, 27F-2, 9B-16, and 9B-20 require the development of a regional impact statement. Expansion of the existing marina will require the developer to prepare a development of regional impact (DRI) report that identifies the effect of the expansion on the health, safety, and welfare of the citizens of Duvol County and the neighboring counties.

FINANCIAL ANALYSIS OF OPERATIONS

In-House Operations

In recent years, the NAS Jacksonville marina has been operating at a profit. The consolidated statement of income and expenses for the NAFI-operated facility for FY87, FY88, and FY89 is shown in Table 8. The marina made profits/(losses) of ($1,554); $12,650; and $21,710 in FY87, FY88, and FY89, respectively. These figures do not take into account "hidden" APF subsidies such as facility maintenance in FY87 and utility expenses and military labor costs in FY87.

Pro Forma Analysis

Logistics Management Institute begins the pro forma economic analysis with a projection of revenues and expenses based on the major assumptions listed in Table 9. (These are not the only assumptions made in the pro forma analysis but they are the main ones.) The baseline assumptions are chosen and the pro forma analyses are constructed using industry standard expense ratios, including debt amortization, taxes and profits, and inputs from the installation and the IMI. LMI then varies these assumptions to see how sensitive the expected payback is to these parameters.

Table 10 shows the pro forma analysis results. The baseline scenario uses 275 wet slips, 225 dry storage spaces, and 50 percent sailboats. Results of pro forma analyses constructed under varying assumptions are judged on two criteria: the total of the project's "maximum NAF payment" each year and the net present value (NPV) of that total over 25 years. Maximum NAF payment is defined as profit above that normally expected by the industry in the face of normal risks. In response to the RFP, the contractor may offer to share any of this additional profit with the installation in the form of payments to the NAFI. On the other hand, the contractor may perceive that the venture involves high risks and may decide to keep the

TABLE 8

NAS JACKSONVILLE MARINA CONSOLIDATED INCOME STATEMENTS

Financial element	FY87 ($)	FY88 ($)	FY89 ($)
Revenue	82,889	95,723	102,162
Less: APF reimbursement		43,987	909
Less: Cost of goods sold	649	493	
Net revenue	82,240	51,243	101,253
Expenses			
Payroll	23,359	16,566	32,148
FICA	1,951	1,564	2,721
Annual leave	3,343	3,856	3,861
Sick leave	698	936	840
Employee benefits			
Telephone/postage			20
Repair and maintenance facility		25	448
Repair and maintenance vehicles		82	
Repair and maintenance fixtures, furniture, and equipment	8,526	3,175	4,447
Minor property	3,045	182	
Supplies	8,391	3,090	3,378
Depreciation	12,831	3,125	7,497
Laundry			228
Awards and prizes		3,254	3,643
Instructional fees	729		
Contractual expense	500		340
Advertising and promotion		680	703
Utilities		2,000	1,257
Credit card sales expense			53
Travel and per diem			1,142
Cash shortage			325
Prior fiscal year expense adjustment			470
Miscellaneous	20,421	58	16,022
Total expenses	83,794	38,593	79,543
Net profit (loss)	(1,554)	12,650	21,710

TABLE 9

BASELINE ASSUMPTIONS FOR NAS JACKSONVILLE MARINA PRO FORMAS

Slip rental fee (monthly)	\$3.75/foot + \$2.00[a]
Capital improvements	\$3,065,000
Number of rental slips	275
Number of dry storage spaces	225
Current occupancy rate	90%
Finance rate	11%
Term of loan	20 years
Term of contract	25 years
Capital improvement escrow	3% of slip rentals starting Year 4
Food and beverage services	Included in revenue

[a] Monthly utility charge.

additional profit. The second criterion, the NPV of the additional profit, is a measure of how those profits are spread out over the term of the contract. Projects that require large, up-front capital investments normally lose money in the first few years of operation, but make up that loss by larger profits in later years. However, \$1,000 earned this year is more valuable than \$1,000 earned 10 years from now because future earnings must be discounted over time. The NPV represents the sum of each year's additional profits (and losses) discounted to the year in which the venture was begun. A positive maximum NAF payment total with a negative NPV indicates that although the additional profits eventually outweigh the losses, the break-even year is so far in the future that the venture may be unattractive to the developer.

The pro forma analysis for the NAS Jacksonville marina based on the assumptions listed in Table 4 produced the following baseline results:

Average annual maximum NAF payment:	\$125,000
NPV of total maximum NAF payments (25 years):	\$700,000

The rows in the tables show the total maximum NAF payments and the NPV for each maximum NAF payment by varying the baseline values shown in Table 9. This variation allows us to examine each factor under various assumptions and to

TABLE 10

FINANCIAL FEASIBILITY

Scenario	Total size (wet/dry slips)	Sailboat/ powerboat ratio	Maximum NAF payment		
			Total 25 years ($)	Average (%)	Annual ($)
Baseline	275/225	50/50	3,125,000	7.6	125,000
1	275/140	50/50	2,740,000	7.5	110,000
2	160/225	90/10	2,490,000	8.5	100,000
3	180/225	80/20	2,575,000	8.2	105,000
4	200/225	70/30	2,670,000	8.0	107,000
5	240/225	60/40	2,890,000	7.7	115,000

Scenario	NPV of total ($)	Initial capital improvement ($)	NPV escrow ($)
Baseline	700,000	3,100,000	195,000
1	530,000	3,000,000	180,000
2	430,000	2,900,000	125,000
3	465,000	2,925,000	140,000
4	505,000	2,950,000	150,000
5	600,000	3,010,000	170,000

compare the results to determine how sensitive the profitability is to changes in the factors.

Sensitivity to Size

The first variable we examined was the size of the marina because size corresponds directly to the initial capital investment required, and the debt service for this investment is a major expense. We performed a sensitivity analysis to compare the projected revenues, expenses, and profit effects of six different P/PV scenarios.

The assumption for price is $3.75 per foot, per month, per slip. This is 75 percent of the median market price charged by marinas in the area that would be comparable to the new P/PV marina; that is, marinas that use floating concrete dock construction for maximum life and efficiency of maintenance.

In the baseline case shown in Table 10, we see the effect on the local NAFI of constructing a new 275-slip marina and expanding dry storage to 225 spaces; that effect is an annual NAF payment of $110,000 and an NPV of $530,000 (payment to NAFI over 25 years). Scenarios 1, 2, 3, 4, and 5 show the effect on the local NAFI of building other sized marinas with various combinations of facilities. In all scenarios, we project a payment to the local NAF. Furthermore, in each scenario, the Navy does not pay the employee fringe benefit costs.

Sensitivity to Powerboat/Sailboat Split

The State of Florida, for environmental reasons, may request that a marina expansion project at NAS Jacksonville have a sail/power split different from the 50/50 split recommended by the market study. Table 10 shows the effect on NAF payments of various splits from 50/50 to 90/10 in 10 percent increments.

Given the fact that the market demand study estimated a cap on the number of, and demand from, authorized user sailboat owners, splits above 50/50 require a smaller marina and smaller NAF payments.

Summary of the Pro Forma and Sensitivity Analyses

The pro forma analysis has demonstrated that under a reasonable set of assumptions, a P/PV marina expansion at NAS Jacksonville can be built and operated profitably. Its profitability is sensitive to many of the variables involved.

The additional profit in the sensitivity analyses, as is the case for all MWR P/PV projects, represents the maximum *potential* payment into the NAFI fund. While our projections use industry standard percentages, they do not include any "extra profit" for the contractor to compensate for increased risk of doing business with the NAFI/military rather than the normal market. Although our analysis indicates that enough authorized users of marina services are located in the Jacksonville area to accommodate the P/PV marina expansion we recommend, some or all potential contractors may view the market as riskier than a normal market venture. The degree of this perceived risk, which we believe will be low or

nonexistent, could raise the entrepreneur's profit expectations and, consequently, lower the actual NAFI profit below our projections. The actual NAFI profit will be a variable schedule of gross revenues to be bid in response to the RFP.

RECOMMENDED PARAMETERS FOR THE REQUEST FOR PROPOSALS

Our study and analyses have shown that a P/PV marina can be successful at NAS Jacksonville. The RFP to select the developer/contractor should be as flexible as possible to take maximum advantage of private-sector expertise in constructing and operating marinas. The main aspects of such an RFP are as follows:

- *Contractor actions*: Design, construction, financing, and operation of the marina complex.
- *Contract term:* Twenty-five years with two 10-year options. The 25-year term will allow sufficient time for a private-sector operator to amortize capital expenditures. (The IMI also recommended a 25-year contract term.)
- *Capital improvement requirements:* The RFP should, as a minimum, require the contractor to construct 275 new wet slips, increase dry storage from 140 to 225 spaces, and renovate/modify the existing harbormaster buildings to include a chandlery, food and beverage bar, and restroom and shower facilities. We feel that a marina of the size we recommend is conservative and that the authorized user population could support an even larger marina. However, the ultimate size of the marina should be a bid item in the RFP, with a larger marina given more evaluation points.
- *Capital improvement escrow:* Three percent of slip rental revenues is required for escrow, starting in Year 4 of the contract.
- *Usage*: Usage should be expanded to include all DoD civilian employees in addition to current authorized users.
- *Marina service fees:* The initial rates for slip rentals, boat rentals, and dry storage should be established at 75 percent of the median for comparable civilian marinas. In their bids, contractors should specify the rates they will charge for other services. We recommend that marina service fees be escalated annually and not exceed the escalation rate for the same services in the local civilian market.
- *Right of first refusal:* The contractor should give current marina employees a right of first refusal on jobs, with no arbitrary dismissal for 180 calendar days.
- *NAFI payment:* Offerors should bid a schedule of the percentage of gross revenues they will pay to the local NAFI fund.

- *Maintenance:* The contractor should be required to submit a maintenance plan as part of the proposal.
- *Sailing lessons:* We recommend that the contractor be required to provide sailing lessons to meet the demand and that the rates for those lessons be controlled by the NAFI and set at the guidelines established by the Chief of Naval Education and Training.
- *Performance bonding:* The RFP should require the contractor to furnish construction performance and payment bonds that will be in effect until the construction phase of the contract is complete.
- *Bid guarantee:* To ensure the execution of the contract and the performance bond, each offeror should be required to submit with its bid a guarantee bond executed by a surety company holding a certificate of authority from the Secretary of the Treasury as an acceptable surety. We recommend that the bid security be in the penal sum of no less than $300,000.

The criteria for source selection should encompass four primary areas:

- Design and construction plans (including number of slips in the expansion)
- Experience and performance history
- Operations and maintenance plans
- Amount and timing of NAFI payments.

APPENDIX P

REQUEST FOR PROPOSALS
FOR
MARINA EXPANSION, OPERATION,
AND MAINTENANCE
AT
NAVAL AIR STATION
JACKSONVILLE, FLORIDA

PREFACE

Appendix P was originally published separately by LMI as a sample request for proposals (RFP) with a restricted distribution. We reprinted it here with no changes.

REQUEST FOR PROPOSALS
FOR
MARINA EXPANSION, OPERATION, AND MAINTENANCE
AT
NAVAL AIR STATION JACKSONVILLE, FLORIDA

RFP FOR MARINA EXPANSION, OPERATION, AND MAINTENANCE

INDEX

SUMMARY OF THE REQUEST FOR PROPOSALS

The intention of this solicitation is to obtain private-sector assistance in the operation and maintenance of a Navy marina complex. Formerly known as third party, private sector, or venture capital financing, "public/private ventures" are unique contractual partnerships between the United States Navy and the private sector. Such partnerships provide the Navy with significant opportunities to use the financial and managerial resources of the private sector to construct, operate, and maintain facilities and to provide services that might otherwise not be available due to lack of appropriated funds.

The United States Navy has selected Naval Air Station (NAS) Jacksonville, Florida, as the first marina site to undertake this venture. The existing marina complex is filled to capacity and it needs to be expanded to accommodate unmet demand. There is waiting time for boat slip rental spaces among eligible patrons.

This Request for Proposals (RFP) has been structured to give the private sector the flexibility to use its unique expertise and experience in the marina business. In this way, the Government hopes to achieve higher operational efficiency and lower costs.

Existing marina facilities are owned by the Government and will be assigned to the Concessioner for the operation, maintenance, and management of the entire marina complex. Any capital improvements will be paid for by the Concessioner. The term of the contract is 25 years with two 10-year renewal options.

Each proposal will be evaluated for its ability to meet the needs of the Nonappropriated Fund Instrumentality (NAFI) in terms of providing service to the military community, maintaining the facility, providing capital improvements, and providing payments to the NAFI (Section VI). These factors will be weighted in the evaluation. The Contracting Officer may conduct written and oral negotiations with proposers. Offerors, in turn, will be provided an opportunity to submit "Best and Final" offers. Proposals are due by ____________. Award will be made within 90 calendar days from the date proposals are due. The winning offeror will have 60 calendar days, from date of contract award, to take over full operation of the NAS

Jacksonville marina complex. The specified minimum capital improvements are to be constructed and ready for operation within 1 year after contract award.

Each proposal shall be in four parts. Part 1 will be a capital improvements proposal; Part 2, an operations and maintenance plan proposal; Part 3, an experience and history proposal; and Part 4, a concession fee payment proposal. Section V provides the detailed requirements for each of the four parts. Each part is limited in the number of pages that may be submitted to lessen the burden on both the proposer and the evaluator.

The capital improvements (design and construction) proposal will contain information to allow evaluation of the scope, design, construction, furnishings, fixtures, and equipment. Full designs are not required, only concepts.

The operations and maintenance proposal will provide information on how the proposer intends to operate and maintain the facilities. The maintenance plan will be incorporated into the concession contract.

The experience and history proposal will provide information on the offeror's experience in building, operating, and maintaining a marina complex. It will contain references of marinas owned, leased, or operated within the last 5 years. The Navy may make site visits or use other means to substantiate experience.

The concession fee proposal is the payment the contractor will make to the NAFI and will be based on a percentage of gross receipts.

The four-part proposal must be accompanied by a Bid Bond of $50,000. Additionally, a Construction Performance Bond will be required from the successful offeror. Administrative information, such as where to submit the proposal, late submission, and the number of copies required, is provided in Section V.

We appreciate your interest in this project, and any questions about it should be addressed at the preproposal conference to be held on _______________, 1989 at Building ______, NAS Jacksonville, Florida.

SECTION I

DESCRIPTION OF THE CONCESSION AGREEMENT

A. Nature of Agreement

Proposals are solicited for an exclusive concession contract with the Navy's Non-Appropriated Fund Instrumentality (NAFI) to improve, operate, and maintain the existing marina complex at Naval Air Station (NAS) Jacksonville, Florida. The successful Concessioner will be responsible for the operation and maintenance of the existing marina facilities, as well as the design and construction of improvements.

The successful Concessioner will be required to enter into a long-term concession contract (hereafter referred to as "contract") with the NAS Jacksonville NAFI under the terms and conditions contained in Section III of this Request for Proposals (RFP); however, said terms and conditions shall be modified to the extent necessary to accommodate the successful Concessioner's proposal. The Concessioner's operations and maintenance plan will be incorporated into the concession contract as exhibits.

Any land assigned under this contract will be subject to any existing and or future easements for electric power transmission lines, telephone or telegraph lines, water, gas, gasoline, oil or sewer pipelines, or other facilities, as well as other requirements or conditions specified in Section III.

B. Purpose

The purpose and intent of this concession contract is for the expansion, operation, and maintenance of revenue-producing marina facilities for Navy patrons at affordable rates. This marina is located at the NAS Jacksonville, Florida.

C. Contract Term

The term of this concession contract is 25 years with two 10-year renewal options.

D. Existing Site, Facility, and Sailboats

The existing marina complex and all associated equipment and rental sailboats at NAS Jacksonville will be provided to the successful Concessioner at no charge. An inventory of the facilities, equipment, and boats is contained in Exhibit B. Exhibit C contains site descriptions of the NAS Jacksonville marina complex.

E. Eligible Users and Potential Market

1. Current Base Population

Information on the population of eligible users is provided in Exhibit D. The NAFI and the Government make no guarantee of numbers of users of the marina and shall make no payments to the Concessioner if the number of users falls short of a margin for profit. Furthermore, the NAFI will not excuse, reduce, or delay scheduled payments to the NAFI, or permit use of the capital improvement escrow funds for operations.

2. Eligible Users

The primary purpose of the Navy recreation program is to meet the recreation needs of active duty personnel and their dependents. Eligibility categories are as follows:

a. Active duty personnel and their dependents assigned to the installation or supported directly by it through intraservice or interservice agreements.

b. Navy active duty personnel and their dependents not assigned to the installation.

c. Active duty personnel and their dependents of other Military Services.

d. Military personnel retired with pay and their dependents.

e. Service members of reserve components.

f. Unremarried surviving spouses and other dependents entitled to commissary, exchange, and theater privileges.

g. Unremarried former spouses and other dependents entitled to commissary, exchange, and theater privileges.

h. Military personnel of foreign nations and their dependents, when authorized exchange privileges.

i. DoD civilian employees and their dependents.

j. Occasional guests of naval personnel.

k. Nonauthorized users attending special events approved by the NAFI or Commanding Officer.

l. Employees of other authorized Federal agencies.

F. Reimbursement Guarantee

Should the total authorized military strength of NAS Jacksonville, be reduced by 50 percent or more from that strength at the time of contract award, and should this reduction last more than 90 consecutive days, the NAFI guarantees to reimburse the operator for contractor-installed capital improvements at their depreciated book value. The Concessioner shall be required to maintain records of the depreciated book value of capital assets in accordance with Generally Accepted Accounting Principals for discounting such assets.

G. Capital Improvements

The successful Concessioner shall make capital improvements to the marina and shore facilities at its own expense. The list of improvements in Exhibit F is the minimum required and the Concessioner shall complete these improvements within 1 year of contract award. The type of improvements and amount of money the Concessioner will spend on each of these improvements is part of its capital improvement plan which will be incorporated into the contract proposal and the successful Concessioner shall spend these amounts as a minimum. The offeror shall include in its proposal a conceptual site plan and schedule detailing the major milestones and dates required to provide these improvements within 1 year and future plans to accommodate out-year additional expansion.

In addition, this RFP affords the opportunity to guarantee additional capital improvements beyond those listed in Exhibit F. The number, concept, timing, and appropriateness of these additional improvements will count toward selection of the successful Concessioner. Attachment 1 provides some examples of additional capital improvements the NAFI would find favorable. It is by no means exhaustive, however, and the NAFI is relying on the experience of the private sector to offer lucrative and imaginative ideas. The design for all improvements shall be compatible with the surrounding architectural patterns.

H. Acceptance

After written notification of the capital improvement's completion and Concessioner's receipt of all permits, the NAFI will conduct an acceptance inspection. Upon determination by the NAFI's representative that such facilities are in compliance with the terms and conditions of the concession contract, the NAFI will issue a certificate of acceptance.

Should the facilities not be in compliance with this contract, a list of deficiencies will be made by the NAFI and promptly given to the Concessioner. The Concessioner shall promptly correct such deficiencies before the NAFI issues a certificate of acceptance.

In no event shall any capital improvements be placed in service until the NAFI has issued a certificate of acceptance.

I. Fees and Charges

Rental charges for slip rental, dry boat storage and boat rentals shall be established at 75 percent of the median market rates charged by comparable marinas within the Jacksonville area. The Concessioner's rental charges may not be adjusted more than once per calendar year and notice of rents changes must be preceded by a Concessioner's survey submitted to the NAFI.

The Concessioner will be free to determine the pricing for services and merchandise not related to rental of slips and boats. This includes sailing lessons, snack bar prices, amusements, fuel sales, and chandlery merchandise. Such price flexibility should enable the Concessioner to provide a full-service operation and still remain sensitive to market demands.

J. Capital Improvements and Major Repairs Escrow Account

In addition to the initial minimum capital improvements requirements specified in the RFP, the Concessioner shall pay 3 percent of the gross slip rental revenue into an escrow account starting at year 4 to ensure a continuous capital improvements and major repairs program over the term of the contract. Offerors will outline details of their program in accordance with Section V. Major repairs are defined as costing in excess of $10,000 escalated at 5 percent per year, compounded. The Concessioner shall establish the interest bearing account with a local commercial bank or other third party approved by the NAFI. All costs, expenses, and other charges, if any, associated with the account shall be borne by the Concessioner. Monthly payments to this escrow account shall commence at the beginning of the second year of the contract term and shall continue for the remainder of the contract term including any option renewals. Upon expiration or sooner termination of the contract for any reason, all monies remaining in the account, including any interest earned, shall be paid to the NAFI.

K. Concession Payment

In return for the opportunity to manage and operate the marina complex, the Concessioner shall pay to the NAS Jacksonville NAFI a concession fee for the term of this contract based on either a percentage of gross receipts or a guaranteed minimum lump sum payment, whichever is greater over the contract year. Gross receipts from each transaction, sale, or activity of the Concessioner shall be reported under one or more of the categories listed in Exhibit A, as applicable. Within 15 calendar days after the close of each and every month of the term hereof, the Concessioner shall file a report of gross receipts and make such payments to the NAFI. Concessioners will propose a payment schedule which will be incorporated into the contract by completing Exhibit A in Section II of the RFP.

L. Inspections

The Concessioner shall allow Government and NAFI inspection at any time. These inspections may include construction reviews, investigation of customer

complaints, health and fire hazard inspections, and visits to ensure contract compliance. In addition, "open book" accounting shall be maintained under this contract, and the NAFI shall have the right, during normal working hours, to audit accounts kept pursuant to the contract without advance notice.

In addition, the Concessioner shall be subject to all State and local inspections for compliance with State and local codes, ordinances, and regulations. Examples include sanitation, food service, and hazardous material use and storage.

M. Maintenance

The Concessioner shall, to the satisfaction of the Contracting Officer, keep and maintain the Government's premises and all improvements of any kind, which may be erected, installed, or made thereon by the Concessioner, in good and substantial repair and condition, including painting, and shall make all necessary repairs and alterations thereto. The Concessioner shall give prompt notice to the Contracting Officer of any fire or damage that may occur from any cause whatsoever.

The Concessioner expressly agrees to maintain the marina complex in a safe, clean, healthy, and sanitary condition to the complete satisfaction of the Contracting Officer and in compliance with all applicable laws. The Concessioner further agrees to provide proper containers for trash and garbage and to keep the premises free and clear of rubbish and litter. NAFI shall have the right to enter upon and inspect the said premises at any time for cleanliness and safety.

The Concessioner shall from time to time make any and all necessary repairs to, or replacement of, any equipment, boats, structure, or other physical improvement in order to comply with the Concessioner Operations and Maintenance Plan (Exhibit K), or as required in writing by the provision of this clause.

If the Concessioner fails to make any such repairs or replacements as required, the Contracting Officer may notify the Concessioner of said default in writing, and should the Concessioner fail to cure said default and make said repairs or replacements within a reasonable time as established by the Contracting Officer, NAFI may make such repairs or replacements and the cost thereof, including, but not limited to, the cost of labor, materials, and equipment, shall be charged against the Concessioner and shall become a part of the Concession Fee payment for the next period following the period of default.

N. Utilities

All utilities will be paid for by the Concessioner. The Concessioner shall install demand meters for any unmetered utilities to enable charges to be determined. Exhibit E lists current utility costs and shows availabilities. The Concessioner is not required to use any utility or service provided through the Navy but must coordinate delivery as required with NAS Jacksonville. The offeror is responsible to confirm, as

necessary, the accuracy of location and adequacy of service needed to prepare its proposal. Points of connection for public utilities are also indicated in Exhibit E.

In no event shall the NAFI be liable for an interruption or failure in the supply of any such utilities to the areas of concern of this contract.

O. Taxes

The successful Concessioner will assume sole liability for all Federal, state, and local taxes applicable to the property, income, and transactions of the concession.

P. Security and Fire Protection

Base Security and Fire Protection will be provided by NAS Jacksonville in accordance with the installation's rules and regulations; however, the successful Concessioner will be required to conform with Navy Life Safety Requirements at all times during the contract term.

Physical security of the Concessioner's operations and facilities during the contract shall be the responsibility of the Concessioner. Security shall include the safe-keeping of all structures, facilities, equipment, all items for sale, and all records used in the management and operation of the marina.

SECTION II

CONTRACT ADMINISTRATION DATA

A. Contracting Administration for the Contract Resulting from this Solicitation

Commanding Officer
Naval Air Station
Jacksonville, Florida 32212

B. Contracting Officer's Representative

The Contracting Officer's Representative for this contract is:

Recreational Services Director
Naval Air Station
Jacksonville, Florida 32212

The Contracting Officer's Representative (COR) has only that responsibility and authority specifically delegated in the letter of appointment. The COR does not have any authority to bind the NAFI or the Government except for that cited in the letter of appointment.

SECTION III

CONCESSION AGREEMENT

This Concession contract made and entered into by and between the NAS Jacksonville Morale, Welfare, and Recreation Fund, hereafter called the "NAFI," a Nonappropriated Fund Instrumentality of the U.S. Government and____
hereafter called the "Concessioner."

WITNESSETH

That for consideration of the terms and conditions hereinafter set forth, and payments to be made as hereinafter stipulated, the said parties agree as follows:

ARTICLE 1 - DEFINITIONS

As used throughout this contract agreement, the following items and abbreviations have the meanings set forth below:

a. The term "Concession contract" means this agreement or order and any modifications hereto.

b. The term "NAF" means Nonappropriated Funds and are monies other than those appropriated by the Congress of the United States.

c. The term "NAFI" means the NAS Jacksonville Morale, Welfare, and Recreation Nonappropriated Fund, an instrumentality of the United States Government, and includes all its assignees, designees, and successors in interest. The Fund includes all other nonappropriated fund instrumentalities of the United States that may have an interest in this contract, such as the Navy Morale, Welfare, and Recreation Nonappropriated Fund, their assignees, designees, and successors in interest.

d. The term "Contracting Officer" means the person executing or responsible for administering this contract on behalf of the NAFI which is a party hereto, or his successor or successors.

e. The term "Concessioner" means the party responsible for providing management and operation services to the NAFI under this contract agreement.

f. The term "book value" means the value of property as shown on the books of a business (Concessioner) and is determined to be the cost of the property less depreciation.

g. The term "gross receipts" means the total amount realized by the Concessioner for cash or credit, of services and merchandise sold under the terms of this contract exclusive of state or local sales tax.

h. The term "military users" means all eligible users.

ARTICLE 2 – TERM OF CONTRACT

a. The initial term of this Concession contract is for a period of twenty-five (25) years, commencing on ____________________ and ending on ____________________, unless terminated sooner in accordance with the provisions of ARTICLE 4.

b. Option to Extend. Subject to the NAFI's determination of Concessioner's satisfactory performance, the NAFI may decide to extend the term of this contract for a period of ten (10) years. The NAFI will give the Concessioner a preliminary written notice of its intent to extend the term of the contract at least 90 calendar days before the contract expires. The Concessioner shall, within 5 days of receipt of the NAFI's preliminary written notice, provide the NAFI with written notice of its intent to accept or decline the offer to extend the contract term. This contract may not be extended or amended in any respect except when agreed to in writing by the NAFI and the Concessioner.

c. If the NAFI exercises this option, the extended contract shall also include this option provision, thereby allowing the NAFI to extend the contract for an additional period of ten (10) years.

d. The total duration of this contract, including the exercise of any options under this clause, shall not exceed 45 years.

ARTICLE 3 – EXPIRATION

Upon expiration of this contract, the NAFI may, at its option:

a. Negotiate a succeeding concession contract;

b. Compensate the Concessioner for his improvements in accordance with ARTICLE 5; or

c. Require the Concessioner within 60 calendar days after expiration or termination of this contract, to remove at its cost and expense all Concessioner-installed machinery, appliances, or fixtures that are not firmly affixed to said structures, buildings, or improvements. All improvements and property not so removed shall be deemed abandoned by the Concessioner and may be used or disposed of by the NAFI in any manner whatsoever without any liability to account to

Concessioner, but such abandonment shall not reduce the obligation of the Concessioner to restore the promises.

ARTICLE 4 - TERMINATION

a. Termination for Convenience. This contract will be automatically terminated in the event of the dissolution of the NAS Jacksonville NAFI.

b. Termination for Default. The NAFI may terminate the Concession contract for default in the event the Concessioner violates any of the terms and conditions of this contract or any of the terms and conditions of any capital improvement, operations, management, or maintenance plans, or agreements herein required and continues and persists therein for 60 calendar days after written notice thereof by the Contracting Officer. In such event, the Concessioner shall be liable for damages including the excess costs incurred by the NAFI in resoliciting and renegotiating a new contract, and the reasonable costs incurred in performing any obligations on the part of the Concessioner to be performed by the NAFI.

c. Termination for Casualty. The Concessioner or the NAFI shall have the right to terminate this contract upon 30 days written notice to the prospective designated agents of the parties hereto in the event of damage to, or destruction of all of the improvements on the assigned property or such a substantial portion thereof as to render 50 percent or more of the improvements actually used by the Concessioner for its operations incapable of such use, but only if (i) the Contracting Officer has not, within 60 calendar days of such damage or destruction, either authorized or directed the repair, rebuilding, or replacement of the improvements, or made provisions for payment of such repair, rebuilding, or replacement by application of insurance proceeds or otherwise or (ii) the repairs, rebuilding, or replacement cannot reasonably be expected to be substantially completed within 6 months of the damage or destruction, and further that (iii) such damage or destruction was not occasioned by fault or negligence of the Concessioner or any of its officers, agents, servants, employees, licensees, or invitees, or by any failure on the part of the Concessioner to fully perform its obligations under this contract.

d. Any termination of this contract shall terminate all rights, duties, and obligations between the parties, except as to the disposition of improvements as discussed in ARTICLE 5.

ARTICLE 5 - DISPOSITION OF IMPROVEMENTS

a. Subject to the provisions of ARTICLE 6, but withstanding any other provisions of this contract, title to Concessioner improvements shall remain the property of the Concessioner for the term of the contract. Concessioner interests do not include any interest in the assigned land upon which the improvements are located.

b. At any point during the contract and with the Contracting Officers' approval, the Concessioner may donate by transfer of title, all Concessioner

improvements at no cost to the NAFI on behalf of the U.S. Government. The Concessioner shall execute any documents necessary to transfer title to the NAFI free and clear of any liens or claims in favor of the Concessioner.

c. At expiration or earlier termination of this contract in whole or in part, the Concessioner shall, at the option of the NAFI:

1. Remove the improvements and restore the assigned property to the satisfaction of the NAFI, or

2. All property not so removed shall be deemed abandoned by the Concessioner and may be used or disposed of by the NAFI in any manner whatsoever without any liability to account to Concessioner, but such abandonment shall not reduce the obligation of the Concessioner to restore the premises.

3. Transfer title to the NAFI for all Concessioner improvements made upon NAFI property, except Concessioner signage and trade equipment. Compensation shall be determined in accordance with ARTICLE 6d.

ARTICLE 6 - COST REIMBURSEMENT

a. In the event of Termination for Convenience, the NAFI will reimburse the Concessioner for Concessioner-installed improvements at their depreciated book value.

b. In the event of Termination for Default, the NAFI will make no payment for Concessioner improvements.

c. The Concessioner shall be required to maintain records of the unamortized value of capital assets in accordance with Generally Accepted Accounting Principles for discounting such assets.

d. Upon expiration of this contract and in the event the NAFI exercise its option to obtain title to Concessioner improvements under ARTICLE 5, the NAFI shall pay a total sum of $1.00 or the depreciated book value of improvements, whichever is greater. The Concessioner will have the right to remove all signage and trade equipment.

ARTICLE 7 - REIMBURSEMENT GUARANTEE

Notwithstanding the provisions of ARTICLE 6, the NAFI guarantees to reimburse the Concessioner for Concessioner- installed capital improvements at their certified depreciated book value if and when the authorized military strength at the NAS Jacksonville should be reduced by 50 percent or more for a period exceeding 90 consecutive days, existing at the time of contract award. In the event of the exercise of the reimbursement guarantee, the concession contract shall be terminated.

ARTICLE 8 – CONCESSION FEE

In return for the privileges granted herein, the Concessioner shall pay to the NAS Jacksonville NAFI a fee for the term of this contract as follows:

a. The Concessioner shall pay, on a monthly basis, a schedule of payments in terms of a percentage of gross receipts or a guaranteed minimum lump sum payment, whichever is greater, in the amounts indicated in Exhibit A attached hereto and by this reference made a part hereof.

b. Payments shall be based on gross receipts, exclusive of State of Florida and/or local sales taxes, and shall be paid to the NAFI within 15 days after the last day of each month that the Concessioner operates and shall be accompanied by a certified statement showing detailed receipts. All concession fee payments consisting of $10,000 or more, shall be deposited electronically by the Concessioner through the Treasury Financial Communications System.

c. An interest charge will be assessed on overdue amounts for each thirty (30) day period, or portion thereof, that payment is delayed. The interest rate per annum shall be the interest rate in effect which has been established by the Secretary of the Treasury.

d. The Concessioner shall keep the books of accounts and records of all operations and establish a system of bookkeeping and accounts in a manner considered to be good accounting practice according to the American Institute of Certified Public Accountants and acceptable to the NAFI. The Concessioner shall furnish to the NAFI, within ninety (90) days after the end of each operating year, a balance sheet, a profit and loss statement, a statement of total compensation (salaries, wages, bonuses, and dividends) paid as a result of the operations authorized under this contract, any other financial documents required by the NAFI. If the annual gross receipts exceed $250,000, the Concessioner shall have the financial statements audited by an independent certified public accountant or by an independent licensed public accountant certified or licensed by regulatory authority of a state or other subdivision of the United States.

ARTICLE 9 – OPERATIONS AND MANAGEMENT

The NAFI authorizes the Concessioner during the term of this contract to provide for the operations and management of a marina complex at NAS Jacksonville as follows:

a. The Concessioner shall provide on-site, professional management as well as the necessary plant, personnel, equipment, sailboats, and commodities required to provide herein described services.

b. Rents and Charges. Rental charges for slip rental, and dry boat storage shall be established at 75 percent of the median market rates charged by comparable

marinas within the Jacksonville area. Boat rentals shall be fixed at the current rates for currently authorized users.

The Concessioner's rental charges may not be adjusted more than once per calendar year and notice of fee changes must be preceded by a Concessioner's survey submitted to the NAFI 30 calendar days prior to the anniversary of the concession license award.

The Concessioner will be free to determine the pricing for services and merchandise not related to slips and boat rentals. This includes sailing lessons, snack bar prices, amusements, and chandlery merchandise. Such price flexibility should enable the Concessioner to provide a full-service operation and still remain sensitive to market demands.

All rental charges by category shall be posted plainly for marina users. NAFI approved adjustments of rent structures shall be posted at least 30 calendar days prior to the new rent structure going into effect.

c. Hours of Operation. Hours of operation will be determined by the Concessioner. The marina will be operated year round.

d. Government Rules and Regulations. Rules, regulations, and directives that are in effect or are issued during the contract term by the Department of the Navy and subordinate commands under their responsibility for law, order, administration, or security on the installation shall be applicable to all concessioner personnel or representatives who enter the installation. These requirements include, but are not limited to, vehicle registration, maintenance of good order and discipline, security checks, control of drugs and alcohol, and building signage.

e. Products and Services. All supplies, services, and food required to perform this Concession contract shall be provided by the Concessioner at its own expense. Title to such products and supplies shall remain with the Concessioner until sold or otherwise disposed of.

f. Chandlery. The Concessioner shall maintain the chandlery, if provided, with sailing accessories and related items for the convenience of marina users.

g. Food and Beverage Operations. The Concessioner may provide a food and beverage service operation for the convenience of marina users. The Concessioner shall comply with all Federal, state, and local ordinances in the serving of food and beverages.

h. Promotion and Advertising. Promotion and advertising shall be the full responsibility of the Concessioner. The Concessioner will not present in any manner, expressed or implied, that his products or services are approved by any element of the United States Government. Concessioner shall submit all advertising materials to the Contracting Officer in advance of use for review and approval to ensure that community standards of good taste and appropriateness are maintained. Response

from the Contracting Officer will be within twenty-four (24) hours of submission. Approval will not be unreasonably withheld.

i. Employment Practices. The Concessioner shall be responsible for hiring, managing, and firing all employees working at the marina complex.

The Concessioner shall give NAFI employees, displaced as a result of the conversion to contract performance, the right of first refusal for employment under the provisions of the contract, at wages and benefits to be determined by the Concessioner. NAFI employees accepting employment with the Concessioner shall not be subject to arbitrary dismissal for a period of at least 180 calendar days after accepting employment. Employees must be retained in their present working categories only for this 180 day period. Working categories are defined as: full-time, 40 hours; part-time, 20 to 34 hours; intermittent, 19 hours or less. Hours of work may be adjusted from present schedules as long as existing categories are maintained. Existing employees may have their positions abolished after a 60 day notice from the Concessioner if the Concessioner determines that these positions are not necessary for the operation of the marina complex. Any positions abolished may not be recreated by the Concessioner for a period of one year following the 60 day notice.

The Concessioner is liable to pay appropriate fees, taxes, and funds in behalf of Federal, state, and local governments and convey these funds to appropriate authorities.

j. Trash Removal. The Concessioner shall be responsible for timely removal of all trash from its operations. This trash shall be removed from the NAS Jacksonville at least once per week.

k. Insurance. The Concessioner assumes the full responsibility for loss or damage to his owned or leased improvements and equipment as well as U.S. Government property made available under the terms of this contract. The Concessioner shall, at its own expense, and with a company acceptable to the contracting officer, provide and maintain during the entire performance period of this contract insurance of all property used in the operation against theft, fire, storm, flood and damage or destruction at least in the kinds and minimum amounts of insurance listed below:

Type of Insurance	Per Person	Per Accident	Property
Comprehensive General Liability	$300,000	$1,000,000	$100,000
Automobile Liability	$300,000	$1,000,000	$100,000
Worker's Comp.	As Required		
Other as required by state law			

Policies may not be canceled without adequate substitution before cancellation. Two copies of insurance certificates shall be provided to the NAFI prior to contract award.

l. Permits, Licenses, and Taxes. The Concessioner shall, at its own expense, obtain all permits, give all necessary notices, pay all license fees, and comply with all state, municipal, and national laws, rules, ordinances, and regulations, and assume complete sole liability for all national and local taxes applicable to the property, income, and transactions of the concession.

m. The Concessioner shall comply with all standards established pursuant to Federal, State, or local labor laws, such as those concerning equal opportunity, minimum wages, child labor, hours of work, and safety that apply in Florida. Concessioner shall comply with Federal child labor regulations regardless of its annual volume of business or any other exemption provided by Federal law.

n. Representation. The Concessioner shall not represent or permit himself to be represented to the public as an agent or employee of the NAFI or the Government by the use of the name of the NAFI on letters, bills, signs, or by any other means. Concessioners are in no sense agents of the United States, the NAFI, the Commanding Officer of NAS Jacksonville, or of any other entity having to do with the operation of NAFI business.

o. Government Property. The Concessioner shall not sell or remove any property owned by the NAFI or the Government without the prior written approval of the Contracting Officer.

p. News Releases. The Concessioner shall not issue news releases (including photographs and film, public announcements, or denial or confirmation of same) on the subject matter of this contract or any phase of any program hereunder without the prior written approval of the Contracting Officer.

q. Relationship with the NAFI. The NAFI and the Concessioner agree that the services to be delivered under this contract are non-personal services and the parties further recognize and agree that no employer-employee relationship exists or will exist under the contract between the NAFI and the Concessioner or between the NAFI and the concessioner personnel. Concessioner personnel shall be responsible solely to the Concessioner, who in turn, shall be accountable to the NAFI.

r. Gambling. The Concessioner shall not engage in or permit gambling or any gambling device on the premises.

s. Special Events. Any events that include nonauthorized users require advance written approval of the Contracting Officer.

ARTICLE 10 – UTILITIES

a. All utility services, metering, and connection costs shall be paid for by the Concessioner. Costs and availabilities for Government-provided utilities are provided in Exhibit E.

b. All costs for telephone and communications services associated with this Concession contract will be the Concessioner's responsibility.

c. In no event shall the NAFI be liable for an interruption or failure in the supply of any such utilities to the areas of concern of this contract.

d. The Concessioner may, with the written approval of the Contracting Officer, secure any utility service at its own expense from other sources.

ARTICLE 11 – TAXES

a. The Concessioner shall assume complete liability for all taxes applicable to its property, income, and all of its transactions during the term of the contract. The Concessioner will not be reimbursed by the NAFI for any direct or indirect tax imposed on it by Federal, state, or local authorities. Where a state law imposes a sales tax on the sale of an item or service by the Concessioner to the patron, the sales tax shall be collected from the patron.

b. The Concessioner shall promptly pay any and all taxes which may be lawfully imposed by any state or its political subdivisions upon its improvements or business.

ARTICLE 12 – EXISTING SITE AND FACILITIES

a. Site. The Government assigns for use by the Concessioner, during the term of this contract, a parcel of land and marina at NAS Jacksonville necessary to conduct the operations authorized under this contract. Attachment 8 contains site descriptions of the NAS Jacksonville marina facilities.

b. The NAFI shall have the right at any time to enter upon the land and improvements assigned to the Concessionaire for any purpose he may deem reasonably necessary for the administration of the area or for the provision of services.

c. Facilities. The NAFI facilities assigned to the Concessioner are all permanent structures including all marina facilities and all associated equipment and furnishings at NAS Jacksonville. "NAFI facilities" mean buildings, structures, utility systems, fixtures, equipment, and other improvements on the assigned parcel of land and adjacent waterfront constructed or acquired by the Government and provided by the NAFI for the purposes of this contract. An inventory of the facilities, equipment, and sailboats is contained in Exhibit B.

ARTICLE 13 - MAINTENANCE

a. The Concessioner shall give prompt notice to the Contracting Officer of any fire or damage that may occur from any cause whatsoever. The Concessioner shall, to the satisfaction of the Contracting Officer, keep and maintain the Government's premises and all improvements of any kind, which may be erected, installed, or made thereon by the Concessioner, in good and substantial repair and condition, including painting, and shall make all necessary repair and alterations thereto.

b. The Concessioner expressly agrees to maintain the marina complex in a safe, clean, wholesome, and sanitary condition to the complete satisfaction of the Contracting Officer and in compliance with all applicable laws. The Concessioner further agrees to provide proper containers for trash and garbage and to keep the premises free and clear of rubbish and litter. NAFI shall have the right to enter upon and inspect the said premises at any time for cleanliness, safety, and healthiness.

c. The Concessioner at its own cost and expense shall from time to time make any and all necessary repairs to, or replacement of, any equipment, structure, or other physical improvement whether NAFI or government owned, in order to comply with the Concessioner's Operations and Maintenance Plan (Exhibit K), or as required in writing by the provision of this clause. At the end of the useful lives of bowling center equipment and furnishings, the Concessioner shall replace such equipment and furnishings at its expense; replacements, if not built-in equipment, will remain the property of the Concessioner and may be removed at the end of the contract. The Concessioner shall not sell or remove any NAFI or Government owned equipment or furnishings without the written approval of the Contracting Officer. If the Concessioner fails to make any such repairs or replacements as required, the Contracting Officer may notify the Concessioner of said default in writing, and should the Concessioner fail to cure said default and make said repairs or replacements within a reasonable time as established by the Contracting Officer, NAFI may make such repairs or replacements and the cost thereof, including, but not limited to, the cost of labor, materials, and equipment, shall be charged against the Concessioner and shall become a part of the Concession Fee payment for the next period following the period of default.

d. The design, repair plan, and schedule for all facility repairs and maintenance in excess of a minimum cost must be approved in writing by the NAFI prior to commencement. This minimum cost shall be $10,000 at the time of contract award and shall be raised at the beginning of each fiscal year at the rate of 5 percent compounded annually and rounded to the nearest$ 100. The Concessioner shall present the general concept of each repair to the NAFI which will disapprove it or approve it pending favorable review of a detailed submission. The Concessioner shall then submit details of the proposed design, materials, and schedule for final NAFI approval. This approval will not be unreasonably withheld.

e. To ensure that a high standard of physical appearance, operations, and repair and maintenance is maintained, appropriate inspections will be carried out jointly by the NAFI and the Concessioner.

ARTICLE 14 – CONCESSIONER IMPROVEMENTS

a. Definition. "Concessioner Improvements" mean docks, buildings, structures, fixtures, equipment, and other improvements, upon the assigned land and waterfront, provided by the Concessioner for the purposes of this contract. *Concessioner's improvements do not include any interest in land.*

b. Construction of Improvements. During the term of this contract, the Concessioner shall, at his own expense, design, construct, erect, replace, install and maintain buildings, and/or other structures and improvements as agreed to. The exterior design of all improvements shall be generally compatible with the existing architectural pattern. All improvements constructed shall be and remain the property of the Concessioner for the term of the contract.

No buildings, docks, structures, or improvements shall be constructed, erected, or installed on the premises nor shall any permitted building, structure and other improvements be materially altered without the express written permission of the Contracting Officer.

The Concessioner, at its own cost, shall obtain all applicable plan and environmental reviews and inspection services from local building officials and/or professionals licensed to provide those services, and certify in writing to the NAFI that all construction complies with the approved plans and specifications. The Contracting Officer may request the Concessioner to obtain reviews or inspections in addition to those required by local building officials. Government monitoring and acceptance shall not relieve the Concessioner of its responsibilities to construct the facilities in accordance with the provisions of this contract and to obtain all required permits and approvals.

The Concessioner shall be responsible for securing any permits required for construction, and shall be required to coordinate the construction activity with the NAFI and Public Works Department. Government inspectors shall be permitted to inspect the work site at any time.

c. Construction Schedule. All required capital improvements specified in Exhibit E shall be constructed in 730 calendar days (2 years) after contract award. Unless delay is due to causes beyond the control and without fault or negligence of the Concessioner and/or those engaged in the construction of improvements, failure of the Concessioner to construct improvements shall constitute a default of the Concession contract.

Therefore, in accordance with Exhibit L hereto, the Concessioner shall submit a final schedule within ten (10) calendar days after award of the concession contract. The schedule is to be used by the Concessioner for planning, organizing,

and directing the construction work. During construction an updated version of the schedule will be submitted to the NAFI on a monthly basis. If there are changes to the project not reflected by the latest monthly update, the Concessioner shall provide another update reflecting all of the changes within five (5) calendar days. The Concessioner shall also submit a narrative report with the updated schedule which shall include a description of problem areas, any delaying factors, an explanation of corrective action and an estimate of the completion percentage.

The Concessioner shall submit a detailed construction schedule for the required capital improvements within 30 calendar days after award of the concession contract. The construction schedule is to be used by the Concessioner for planning, organizing and directing the construction work.

d. Design Submittals. For those required capital improvements requiring completion within one year of concession contract award, the Concessioner shall provide to the Contracting Officer within 90 days after award, five copies of all final construction drawings and planning documents, plus one reproducible set of all drawings and five copies of design calculations submitted for review to all applicable permitting agencies. These submittals must meet the requirements of the contract and comply with all applicable provisions contained in appropriate codes and ordinances for which consistency reviews and approvals are required.

e. Applicable Codes, Ordinances, and Standards. The Concessioner shall comply with all codes and ordinances applicable to the operation of the marina and at its own expense obtain all necessary permits and related items.

1. Concessioner agrees that at or prior to submission of any plans, specifications or applications for permit with respect to compliance with applicable codes, laws and regulations, Concessioner shall provide the Contracting Officer or his designated representative with a copy of each such submission. In addition, Concessioner shall submit a complete copy of any approved plans, specifications and permits.

Improvements shall meet all local and state environmental protection standards and requirements and comply with the National Environmental Protection Act (NEPA) requirements.

2. General Life Safety Compliance. Design, construction, and operations shall conform to the building laws of the local jurisdiction and the standards and criteria specified herein applicable at the time proposals are due. In the event of conflict or inconsistency between the standards and local codes, those which are more restrictive will govern. Any provisions of the local codes relating to requirements for obtaining state and/or local inspections or permits are applicable. Responsibility for obtaining all permits and licenses and for complying with local, county, and state codes or regulations is solely that of the Concessioner.

3. OSHA Criteria. The Concessioner agrees to comply with the Occupational Safety and Health Administration (OSHA) safety and health standards which are contained in Title 29 of the Code of Federal Regulations (29 CFR).

4. Physical Handicapped Criteria. The Concessioner agrees to comply with the "Uniform Accessibility Standards" which are contained in the Federal Register, Volume 49, Number 153 of August 7, 1984, as amended by 51 FR 18647 of May 21, 1986.

5. Local Health and Occupancy Criteria. The Concessioner agrees to comply with applicable local standards governing health, sanitation, and pest control, and to maintain current occupancy certificates or permits, as required.

6. Specific Applicable Criteria. Concessioner improvements shall comply as a minimum with the following codes and standards:

<u>American Society for Testing and Materials (ASTM)</u>

ASTM E-84 (1986) Standard Test Method for Surface Burning Characteristics of Building Materials

ASTM E-336 (1984) Measurement of Airborne Sound Insulation in Buildings, Test Method for ASTM C-423 (1984) Sound Absorption and Sound Absorption Co-Efficients by the Reverberation Room Method.

<u>American National Standards Institute (ANSI)</u>

ANSI C2-84 National Electrical Safety Code

<u>American Society of Heating, Refrigerating and Air Conditioning Engineers (ASHRAE)</u>

ASHRAE Standard 90-A (1980) Energy Conservation in New Building Design

<u>National Fire Protection Association (NFPA)</u>

NFPA 10 Standard for Portable Fire Extinguishers

NFPA 13 Standard for Installation of Sprinkler Systems

NFPA 14 Standard for Standpipes and Hose Systems

NFPA 24 Private Fire Service Mains and Appurtenances

NFPA 70 National Electric Code (1987)

NFPA 101 Code for Safety to Life from Fire in Building and Structures (1985)

NFPA 1221 Public Fire Service Communications (1984)

Basic National Building Code (BOCA)

Basic National Building Code, 1987

Uniform Plumbing Code (UPC)

Uniform Plumbing Code, 1979

7 Specific Technical Criteria. Concessioner improvements shall comply as a minimum with the specification contained in EXHIBIT _______.

f. Approval of Capital Improvements. The design, construction plan, and schedule of all capital improvements must be approved in writing by the Contracting Officer prior to commencement of construction. This applies to the required improvements in Exhibit F, any guaranteed additional improvements offered in the Concessioner's proposal, and any future improvements the Concessioner may propose.

Construction is not to commence until the Contracting Officer has reviewed the final construction plans and specifications and only after all approvals and permits have been secured from appropriate issuing bodies. Such review does not constitute approval or acceptance of any variations from the contract or from the proposal unless such variations have been specifically pointed out in writing by the Concessioner and specifically approved in writing by the Contracting Officer. Piecemeal submission normally will not be acceptable. However, to expedite project development, the Contracting Officer may accept a submission for site development, and if found satisfactory, allow the Concessioner to proceed with dredging and other elements of site development while the construction plans and specifications for total work are completed, provided site preparation work permits are secured from local review agencies.

Contract completion time shall include adequate time for NAFI review of drawings, plans, and specifications. Normally the NAFI will not require more than 30 days for review of the construction drawings, plans, and specifications submissions since the NAFI will be guided by the detailed review and approvals issued by the appropriate public review agencies and since partial reviews are not contemplated, except possibly for site development, time spent by the NAFI on such submissions will not be chargeable against the cited 30 days. Final construction plans and specifications found to be not in compliance with the contract and proposal will be returned to the Concessioner for correction and resubmission. Under such circumstances the NAFI shall have a 15 day review period adjusted to commence upon receipt of the revised submittals with no increase in the total contract completion date provided.

ARTICLE 15 - ACCEPTANCE INSPECTION

a. Within 10 calendar days after written notification of each improvement's completion and Concessioner's receipt of all permits, the NAFI will conduct an acceptance inspection in order to ensure compliance with the terms and conditions of this contract. The notification to be provided to the NAFI shall be accompanied by copies of all necessary final permits (including occupancy permit) issued by the appropriate local government agencies, and by a physical survey and inspection report of each part of the work to be accepted by the NAFI, reflecting the then-physical condition. To facilitate this inspection, the Concessioner shall deliver to the Contracting Officer 2 full size sets of construction drawings, accurately marked in red with adequate dimensions, to show all variations clearly indicating "As-Built" conditions.

b. Upon determination by the NAFI's representative that the facilities are in compliance with the terms and provisions of this RFP and the contract herein, the Contracting Officer will issue a certificate of acceptance to the Concessioner.

c. Should the facilities not be in compliance with the provisions of contract herein, a list of deficiencies will be made by the NAFI and given to the Concessioner within 10 days of notification. The Concessioner shall promptly correct such deficiencies before the NAFI issues a certificate of acceptance and the space is opened for business.

d. Upon completion of Concessioner improvements, the Concessioner shall prepare and submit in writing a certified statement of Concessioner funded costs (supported by invoices) applicable to the design and construction. The statement shall be in sufficient detail to substantiate the depreciation schedule for each improvement.

ARTICLE 16 - CAPITAL IMPROVEMENTS AND MAJOR REPAIRS ESCROW ACCOUNT

a. The Concessioner shall pay 3 percent of the gross slip rental revenue into an interest bearing escrow account to ensure continuous performance of a capital improvements and major repairs program over the term of the contract. The money and any interest it earns may be used by the Concessioner towards capital improvements not covered in Exhibit L. It may also be used for major repair projects in excess of a minimum cost. This minimum cost shall be $10,000 at the time of contract award and shall be raised at the beginning of each fiscal year at the rate of 5 percent compounded annually and rounded to the nearest $100.

b. The Concessioner shall establish an interest-bearing account with a local commercial bank or other third party approved by the Contracting Officer. All costs, expenses, and other charges, if any, associated with the account shall be borne by the Concessioner. Monthly payments to this capital improvements and major repairs escrow account shall commence at the beginning of the second year of the contract term and shall continue for the remainder of the contract term including any option renewals. Upon expiration or sooner termination of the contract for any reason, all

monies remaining in the account, including earned interest, shall be paid to the NAFI.

ARTICLE 17 - BONDS

a. Guaranty Bond. To assure the execution of the Concession contract and the performance bonds, each offeror shall submit with its proposal a guaranty bond (Standard Form 24, Attachment 3) executed by a surety company holding a certificate of authority from the Secretary of the Treasury as an acceptable surety, or other security as provided in Section V. Security shall be in the sum of $50,000. The guaranty bond shall be accompanied by a verifax or other facsimile copy of the agent's authority to sign bonds for the surety company.

b. Construction Performance Bond. Within ten (10) days after award of the Concession contract, the Concessioner will be required to furnish two (2) copies of a construction performance bond (Standard Form 25), with good, sufficient, and acceptable sureties, to be in effect until the initial two-year capital improvement phase of the Concession contract is complete. This bond will be furnished prior to the commencement of contract performance. The penal sum of the bond shall equal 100 percent (100%) of the Concessioner's cost of construction, as shown in Exhibit L.

c. Concession Fee Payment Bond. Within ten (10) days after award of the Concession contract, the Concessioner will be required to furnish two (2) copies of a payment bond, with good, sufficient, and acceptable sureties, to be in effect until the initial twenty (20) year term of the Concession contract is complete. This bond will be furnished prior to the commencement of contract performance. The penal sum of the bond shall equal 100 percent (100%) of the Concessioner's total guaranteed minimum payments, as shown in Exhibit A.

ARTICLE 18 - SERVICES TO BE PROVIDED BY THE GOVERNMENT

a. General Base Security, as described by the rules and regulations of the NAS Jacksonville (see Exhibit G) except that security of construction areas, materials, and operations during the construction period; and internal security specific to the operation of the marina are the responsibility of the Concessioner.

b. Fire Protection, as described by the rules and regulations of the NAS Jacksonville (see Exhibit H).

c. Utilities, with regard to the requirements outlined in ARTICLE 10 and as described in Exhibit E of this contract, unless contracted for directly with the public utility companies.

d. All services not specifically designated to be provided by the Government or the NAFI are the responsibility of the Concessioner.

ARTICLE 19 - ASSIGNMENTS OR SALE OF INTERESTS

a. The Concessioner shall not assign or otherwise sell or transfer responsibilities under this contract, nor sell or otherwise assign or transfer a controlling interest in such operations, this contract, or a controlling interest in the Concessioner's ownership without the prior approval of the Contracting Officer. Such approval shall not be unreasonably or arbitrarily withheld so long as such assignee or purchaser has both experience and expertise in the development, construction, management, and operation of marina (or if it does not have such experience or expertise, it retains a reputable management agent which does) and a net worth acceptable to the NAFI, and consists of reputable individuals who have no conflicts of interest with the NAFI.

b. The Concessioner shall not enter into any agreement with any entity or person except employees of the Concessioner to exercise substantial management responsibilities for the operation authorized under this contract.

c. No mortgage shall be executed, and no bonds, shares of stock, or other evidence of interest in, or indebtedness upon, the assets of the Concessioner, including this contract, except for the purposes of constructing, installing, enlarging, or improving facilities or equipment required under the terms and conditions of the contract.

d. In the event of default on such a mortgage, encumbrance, or such other indebtedness, or of other assignment, transfer, or encumbrance, the creditor or any assignees thereof, shall succeed to the interest of the Concessioner in such assets but shall not thereby acquire operating rights or privileges which shall be subject to the disposition of the NAFI.

ARTICLE 20 - CHANGES

a. The Contracting Officer may at any time, by written order, make changes within the general scope of this contract in any one or more of the following:

1. Description of services to be performed
2. Time of performance (i.e., hours of the day, days of the week, etc.)
3. Place of performance of the services
4. Specifications or requirements.

b. If any such change causes an increase or decrease in the Concessioner's cost of, or the time required for, performance under this contract, whether or not changed by the order, the Contracting Officer shall modify the Concession contract by:

1. Making an equitable adjustment in the concession fee payment, or
2. Revising the construction delivery schedule, or

3. Both.

c. If such change causes an increase in cost under this contract, the Concessioner must submit any "proposal for adjustment" (hereafter referred to as proposal) under this clause within 30 days from the receipt of written order. However, if the Contracting Officer decides that the facts justify it, the Contracting Officer may receive and act upon a proposal submitted before the final concession fee is paid.

d. Failure to agree to any adjustment shall be a dispute under the DISPUTES clause (ARTICLE 25). However, nothing in this clause shall excuse the Concessioner from proceeding with the contract as changed.

e. No services or work for which an additional cost or fee will be charged by the Concessioner will be furnished without the prior written authorization of the Contracting Officer or a designated representative of the Contracting Officer.

ARTICLE 21 - TIME EXTENSIONS

The Concession contract will not be terminated nor the Concessioner charged with resulting damage if delays arise from unforeseeable cause beyond the control of the Concessioner and/or his contractors, subcontractors, suppliers, or another NAFI Concessioner or contractor. However, the Concessioner shall notify the Contracting Officer, in writing, of any delay within ten (10) calendar days after it begins. The Contracting Officer shall ascertain the facts, determine the extent of the delay, and grant an extension when justified.

ARTICLE 22 - SEVERABILITY AND REMEDIES

a. If this Concession contract or any term or provision thereof or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this Concession contract, or the application of such term or provision to persons or circumstances other than those as to which it is invalid or unenforceable shall not be affected thereby and each term and provision of this Concession contract shall remain valid and be enforced to the fullest extent permitted by law.

b. The specified remedies to which the NAFI may resort under the terms of this Concession contract are cumulative and are not intended to be exclusive of any other remedies or means of redress to which the NAFI may be lawfully entitled in case of any breach or threatened breach by the Concessioner of any provisions of this Concession contract. The failure of the NAFI to insist in any one or more cases upon the strict performance of any other the covenants of the Concession contract on the part of the Concessioner to be performed or to exercise any option herein contained shall not be constructed as a waiver or relinquishment for the future of such covenant or option.

ARTICLE 23 - STANDARDS OF PERFORMANCE

The Concessioner shall be responsible for assuring that the operations authorized under the contract provide service to the best standards prevailing for similar businesses. The service rendered by the Concessioner shall at all times be orderly and sufficient to meet the reasonable demands of the authorized users.

The NAFI reserves the right to object to the services or any particular conditions of the contracted properties where it finds and deems that the services or conditions fail to meet the best standards prevailing for similar businesses. The NAFI shall submit to the Concessioner a written notification of any objections. The Concessioner shall correct any unsatisfactory services or conditions within 30 calendar days of written notification. If the Concessioner cannot correct the problem within 30 days, the Concessioner shall contact the Contracting Officer to arrange a mutually acceptable timetable for correction. When the NAFI determines that the unsatisfactory services or conditions threaten the authorized user's health, safety, or welfare, the NAFI will notify the Concessioner verbally or in writing. (If notification is verbal, the NAFI will confirm in writing within 2 days.) If deemed necessary by the NAFI, the Concessioner agrees to discontinue and/or stop the threatening services and/or the areas of concern immediately upon notification. The Concessioner shall correct the problem or submit a corrective action plan within 5 calendar days of notification. The NAFI will accept or reject the plan within 5 calendar days of receipt. In the event the Concessioner fails to correct the problem or to submit a corrective action plan within 5 calendar days, and the services or conditions continue to threaten the authorized user's health, safety, or welfare, and the NAFI wishes to correct the problem, the Concessioner agrees to allow the NAFI to correct the problem and to pay the costs incurred by the NAFI in doing so.

ARTICLE 24 - EXPANSION

The Concessioner may expand or enlarge the facilities or services beyond the minimum required capital improvements upon approval from the Contracting Officer. The Concessioner shall submit a written proposal of any expansion with all specifications to the NAFI and receive written approval before construction of the facilities or services.

These additional facilities shall become part of the original terms of this contract and, upon completion and acceptance, shall become property of the NAFI.

ARTICLE 25 - DISPUTES

a. Except as otherwise provided in this contract, any dispute or claim concerning this contract which is not disposed of by agreement shall be decided by the Contracting Officer, who shall state his decision in writing and mail or otherwise furnish a copy of it to the Concessioner. Within 90 days from the date of receipt of such copy the Concessioner may appeal by mailing or otherwise furnishing to the Contracting Officer a written appeal addressed to the Armed Services Board of Contract Appeals and the decision of the Board shall be final and conclusive provided

that if no such appeal is filed the decision of the Contracting Officer shall be final and conclusive. The Concessioner shall be afforded an opportunity to be heard and to offer evidence in support of any appeal under this clause. Pending final decision on such a dispute, however, the Concessioner shall proceed diligently with the performance of the contract and in accordance with the decision of the Contracting Officer unless directed to do otherwise by the Contracting Officer.

b. The "Disputes" clause does not preclude consideration of law questions in connection with decisions provided for in the paragraph above, provided that nothing in this contract shall be construed as making final the decision of any administrative official, representative, or board on a question of law.

ARTICLE 26 - LAW GOVERNING CONTRACTS

In any dispute arising out of this contract, the decision of which requires consideration of law questions, the rights and obligations of the parties shall be interpreted and determined in accordance with the substantive laws of the United States of America.

ARTICLE 27 - LEGAL STATUS

The NAFI is an integral part of the Department of Defense and is an instrumentality of the United States Government. Therefore, NAFI contracts are United States Government contracts; however, they do not obligate appropriated funds of the United States.

ARTICLE 28 - EXAMINATION OF RECORDS

a. The clause is applicable if the amount of this contract exceeds $10,000 and the contract was entered into by means of negotiation. The Concessioner agrees that the Contracting Officer or his duly authorized representative shall have the right to examine and audit the books and records of the Concessioner directly pertaining to the contract during the period of the contract and until the expiration of 3 years after the final payment under the contract.

b. The Concessioner agrees to include the above clause in all subcontracts hereunder which exceed $10,000.

ARTICLE 29 - ASSIGNMENT

Concessioner may not assign his rights or delegate his obligations under this contract without prior written consent of the Contracting Officer.

ARTICLE 30 - GRATUITIES

a. The NAFI may by written notice to the Concessioner, terminate the right of the Concessioner to proceed under this contract if it is found after notice and hearing, by the Secretary of the Navy or his duly authorized representative, that gratuities (in the form of entertainment, gifts, or otherwise) were offered or given by the

Concessioner, or any agent or representative of the Concessioner, to any officer or employee of the Government or the NAFI with a view toward securing favorable treatment with respect to the awarding or amending, or the making of any determinations with respect to the performing of such contract.

b. In the event this contract is terminated as provided herein the NAFI shall be entitled (i) to pursue the same remedies against the Concessioner as it could pursue in the event of a breach of contract by the Concessioner and (ii) as a penalty in addition to any other damages to which it may be entitled by law to exemplary damages in an amount (as determined by the Secretary of the Navy or his duly authorized representative), which shall be not less than three nor more than ten times the cost incurred by the Concessioner in providing any such gratuities to any such officer or employee.

c. The rights and remedies of the NAFI provided in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law or under this contract.

ARTICLE 31 - HOLD AND SAVE HARMLESS

a. The Concessioner agrees to hold the NAFI harmless from all claims or judgments for damages resulting from the use of facilities, furnishings, and equipment listed in this contract, except for such claims or damages caused by or resulting from the negligence of NAFI customers, employees, agents or representatives. The Concessioner further agrees to indemnify and hold the NAFI harmless from and against any and all claims arising from the Concessioner's noncompliance with any of the laws, codes, controls, and requirements listed in this contract. The Concessioner shall be liable for all fines or penalties assessed against the NAFI or the Government which are engendered by any aspect of the Concessioner's performance or failure to perform under this contract. Such liability shall not be limited to the payment of the fines or penalties assessed against the Concessioner, but shall include the reimbursement of all such costs, fines, or penalties if paid by the NAFI or the Government.

b. The Concessioner shall indemnify, save harmless and defend the NAFI, its outlets and customers from any liability, claimed or established for violation of infringement of any patent, copyright or trademark right asserted by any third party with respect to goods hereby ordered or any part thereof.

c. The Concessioner shall at all times hold and save harmless the NAFI, its agents, representatives and employees from any and all liabilities, suits and expenses which arise out of acts or omission of Concessioner, its agents, representatives, or employees. Also, the Concessioner shall at all times hold and save harmless the NAFI, its agents, representatives and employees from any and all liabilities, claims, and costs of whatever kind and nature for injury to or death of any person or persons, including the Concessioner's employees.

ARTICLE 32 – COMMERCIAL WARRANTY

The Concessioner agrees that the supplies or services furnished under this contract shall be covered by the most favorable commercial warranties the Concessioner gives to any customer for such supplies or services and that the rights and remedies provided herein are in addition to and do not limit any rights afforded to the NAFI by any other clause of this contract. The printed terms and conditions of such warranty will be provided to the NAFI with the delivery of any supplies covered.

ARTICLE 33 – ADVERTISEMENTS

The Concessioner agrees that none of its nor its agent's advertisements, to include publications, merchandise, promotions, coupons, sweepstakes, contests, sales brochures, etc., shall state, infer or imply that the Concessioner's products or services are approved, promoted or endorsed by the Department of the Navy or the NAFI. Any advertisement, including cents off coupons, which refer to the NAFI will contain a statement that the advertisement is neither paid for nor sponsored in whole or in part by the particular activity.

ARTICLE 34 – ORDER OF PRECEDENCE

In the event of an inconsistency between provisions of this solicitation/award, the inconsistency shall be resolved by giving precedence in the following order: (i) Contract Requirements; (ii) Standard Clauses; and (iii) other provisions of the solicitation/award.

ARTICLE 35 – COVENANT AGAINST CONTINGENT FEES

a. The Concessioner warrants that no person or agency has been employed or retained to solicit or obtain this contract upon an agreement or understanding for a contingent fee, except a bona fide employee or agency. For break or violation of this warranty, the NAFI shall have the right to annul this contract without liability or, in its discretion, to deduct from the contract price or consideration, or otherwise recover, the full amount of the contingent fee.

b. "Bona fide agency," as used in this clause, means an established commercial or selling agency, maintained by a Concessioner for the purpose of securing business, that neither exerts nor proposes to exert improper influence to solicit or obtain Government contracts nor holds itself out as being able to obtain any Government contract or contracts through improper influence.

c. "Bona fide employee," as used in this clause, means a person, employed by a concessioner and subject to the concessioner's supervision and control as to time, place, and manner of performance, who neither exerts nor proposes to exert improper influence to solicit or obtain Government contracts nor holds out as being able to obtain any Government contract or contracts through improper influence.

"Contingent fee," as used in this clause, means any commission, percentage, brokerage, or other fee that is contingent upon the success that a person or concern has in securing a Government contract.

"Improper influence," as used in this clause, means any influence that induces or tends to induce a Government employee or officer to give consideration or to act regarding a Government contract on any basis other than the merits of the matter.

ARTICLE 36 – ANTI-KICKBACK PROCEDURES

a. Definitions.

"Kickback," as used in this clause, means any money, fee, commission, credit, gift, gratuity, thing of value, or compensation of any kind which is provided, directly or indirectly, to any prime contractor, prime contractor employee, subcontractor, or subcontractor employee for the purpose of improperly obtaining or rewarding favorable treatment in connection with a prime contract or in connection with a subcontract relating to a prime contract.

"Person," as used in this clause, means a corporation, partnership, business association of any kind, trust, joint-stock company, or individual.

"Prime contract," as used in this clause, means a contract or contractual action entered into by the United States for the purpose of obtaining supplies, materials, equipment, or services of any kind.

"Prime contractor employee," as used in this clause, means any officer, partner, employee, or agent of a prime contractor.

"Subcontract," as used in this clause, means a contract or contractual action entered into by a prime contractor or subcontractor for the purpose of obtaining supplies, materials, equipment, or services of any kind under a prime contract.

"Subcontractor," as used in this clause, (i) means any person, other than the prime contractor, who offers to furnish or furnishes any supplies, materials, equipment, or services of any kind under a prime contract or a subcontract entered into in connection with such prime contract, and (ii) includes any person who offers to furnish or furnishes general supplies to the prime contractor or a higher tier subcontractor.

"Subcontractor employee," as used in this clause, means any officer, partner, employee, or agent of a subcontractor.

b. The Anti-Kickback Act of 1986 (41 U.S.C. 51-58) (the Act), prohibits any person from

1. Providing or attempting to provide or offering to provide any kickback;

2. Soliciting, accepting, or attempting to accept any kickback; or

3. Including, directly or indirectly, the amount of any kickback in the contract price charged by a prime contractor to the United States or in the contract price charged by a subcontractor to a prime contractor or higher tier subcontractor.

c. 1. The Concessioner shall have in place and follow reasonable procedures designed to prevent and detect possible violations described in paragraph b of this clause in its own operations and direct business relationships.

2. When the Concessioner has reasonable grounds to believe that a violation described in paragraph b of this clause may have occurred, the Concessioner shall promptly report in writing the possible violation. Such reports shall be made to the inspector general of the contracting agency, the head of the contracting agency if the agency does not have an inspector general, or the Department of Justice.

3. The Concessioner shall cooperate fully with any Federal agency investigating a possible violation described in paragraph (b) of this clause.

4. Regardless of the contract tier at which a kickback was provided, accepted, or charged under the contract in violation of paragraph b of this clause, the Contracting Officer may

(i) Offset the amount of the kickback against any monies owed by the United States under this contract and/or

(ii) Direct that the Concessioner withhold from sums owed the subcontractor, the amount of the kickback. The Contracting Officer may order this clause be paid over to the Government unless the Government has already offset those monies under subdivision (c)(4)(i) of this clause. In the latter case, the Concessioner shall notify the Contracting office when the monies are withheld.

5. The Concessioner agrees to incorporate the substance of this clause, including this subparagraph c(5), in all subcontracts under this contract.

ARTICLE 37 - ASSIGNMENT OF CLAIMS

a. The Concessioner, under the Assignment of Claims Act, as amended, 31 U.S.C. 203, 41 U.S.C. 15 (hereafter referred to as "the Act") may assign its rights to be paid amounts due or to become due as a result of the performance of this contract to a bank, trust company, or other financing institution, including any Federal lending agency. The assignee under such an assignment may thereafter further assign or reassign its right under the original assignment to any type of financing institution described in the preceding sentence.

b. Any assignment or reassignment authorized under the Act and this clause shall cover all unpaid amounts payable under this contract, and shall not be made to more than one party, except that an assignment or reassignment may be made to one party as agent or trustee for two or more parties participating in the financing of this contract.

c. The Concessioner shall not furnish or disclose to any assignee under this contract any classified document (including this contract) or information related to work under this contract until the Contracting Officer authorizes such action in writing.

EXECUTION BY CONCESSIONER

NAME OF CONCESSIONER

BY ______________________ ______________________
(Signature) (Witness)

______________________ ______________________
(Title) (Date)

FOR CORPORATE CONCESSIONER, CERTIFICATION BY SECRETARY OR ASSISTANT SECRETARY OF THE CORPORATION

I certify that the person who signed this Concession Contract was then the officer indicated and this agreement was duly signed for and on behalf of said corporation by authority of its governing body and is within the scope of its corporate powers.

____
(Signature)

____
(Title)

EXECUTION FOR AND ON BEHALF OF THE NAFI

BY ______________________ ______________ ______________________
(Contracting Officer) (Date) (Witness)

SERVICE IDENTIFICATION DATA

NAME AND ADDRESS OF ACTIVITY

LOCAL NAFI REPRESENTATIVES/
TITLE AND ADDRESS

ADDRESS OF CONCESSIONER

EXHIBIT A

CONCESSION FEE SCHEDULE

This section is to be completed by the offeror after reading the entire Request for Proposals (RFP) and will be submitted as a part of the offeror's proposal.

CLIN	Item Description	Concession fee
0001	Rental or other fees charged for the use of boat slips, boats, anchorages, moorings, dockside gear lockers, dockside storage space, and such other facilities and services ancillary thereto as are provided in common to all tenants.	________% of gross receipts
0002	Rental or other fees charged for the use of dry storage facilities, landside gear lockers, landside storage space, boats, motors, tackle, recreational equipment, tools, equipment, launch and retrieving of small boats and from the sale of fishing bait.	________% of gross receipts
0003	Commissions or other fees earned from boat brokerage when said activity is approved in advance by the Contracting Officer.	________% of gross receipts
0004	Commissions or other fees collected for the operation of coin-operated vending or service machines including pay telephones.	________% of gross receipts
0005	Sale of gasoline, diesel fuel, or mixed fuel.	________% of gross receipts
0006	Club dues, initiation fees, and assessments, except that separate assessments for capital improvements are exempted.	________% of gross receipts
0007	Fees charged by authorized boat repair yards, including repair, painting, tugboat, salvage and boat pump-out services and similar activities, except that where parts and materials are invoiced separately, they may be included under CLIN 0008.	________% of gross receipts
0008	Sale of miscellaneous goods and services not specifically provided for elsewhere.	________% of gross receipts

EXHIBIT B

FACILITIES, EQUIPMENT, AND SAILBOAT INVENTORY

(To be Provided by NAS Jacksonville)

EXHIBIT C

SITE PLANS AND DRAWINGS

(To be Provided by NAS Jacksonville)

EXHIBIT D

POTENTIAL MARKET OF AUTHORIZED USERS

Population supported	Quantity
Active duty military	
Military retirees	
Other	
Dependents	
DoD civilian employees	
Non-DoD Federal Government civilians	

EXHIBIT E

UTILITY RATES/CHARGES/LOCATIONS
(NAVY AND OFF-BASE)

(To be Provided by NAS Jacksonville)

EXHIBIT F

CAPITAL IMPROVEMENTS PLAN

The following required capital improvements are to be completed within 2 years of contract award:

- Construct a minimum of 250 new slips.

EXHIBIT G

GENERAL BASE SECURITY REGULATIONS

(To be Provided by NAS Jacksonville)

EXHIBIT H

FIRE PROTECTION REGULATIONS

(To be Provided by NAS Jacksonville)

EXHIBIT K

OPERATIONS AND MAINTENANCE PLAN

(To be Provided by Offeror)

EXHIBIT L

CAPITAL IMPROVEMENTS PLAN

(To be Provided by Offeror)

EXHIBIT ______

TECHNICAL SPECIFICATIONS
FOR
MARINA CONSTRUCTION

EXHIBIT ______

TECHNICAL SPECIFICATIONS
FOR
MARINA CONSTRUCTION

GENERAL SPECIFICATIONS

Standard Concrete shall weigh 155#/cf, Portland cement from one manufacturer use, have 4,000 psi minimum compressive strength at 28 days, and have three to three and a half inches of slump.

Lightweight Concrete shall weigh not over 120#/cf using lightweight aggregate with maximum size of 3/8". The standard concrete specifications apply for all other features.

A Quality Control plan for the casting of concrete must be in place using an *Independent Testing Laboratory* to cast and test cylinders.

Concrete Forms may be of either wood or steel of sufficient strength to resist movement during placement, and must be left in place at least 24 hours after final placement of concrete.

Plastic Coated Reinforcing Bars used for reinforcing will be deformed steel, ASTM A615-grade 40, and must be free from rust, scale, paint, or contamination of any kind before coating with Scotchkote 213 Fusion Bonded Epoxy.

Concrete will be placed as near as possible to final position to avoid segregation and flowing. Retempered or contaminated concrete cannot be used. The entire placement must be done at one time to insure a monolithic cast with no cold joints in any part. The top surface of concrete floats or concrete decking on other types of floats shall have a screed finish applied with a steel troweled edge border.

Lumber shall be DF #1 grade, pressure treated with waterborne inorganic salts per AWPA C-18 specification, incised on wide sides only in order to control checking.

Glu-Laminated Beams shall be fabricated in accordance with UBC requirements and shall be fabricated by a member of the AITC.

Fasteners for wood, where bolts are not required, must be stainless steel ring-shanked nails.

All Metal and Hardware used in construction, of every kind except stainless steel and epoxy coated rebar, must be *hot dip galvanized for marine use* and true to dimensions. Split rings and shear plates or plate washers, as called for on the drawings, shall be used with all nuts and bolts bearing on wood surfaces.

Polystyrene shall have a unit weight of between 0.9 and 1.3 #/cf, water absorption must not exceed 0.1 #/cf in 48 hours at a 10' head. All components and materials must be *new*.

FLOATING DOCK SYSTEMS

Concrete floating dock systems shall be of polystyrene foam fully enclosed in lightweight concrete, and shall have a *design life* of not less than 20 years. *Reinforcing* shall be 2"×2" 14/14 grade welded wire mesh, ASTM A185. PVC tubing for through rods or post tensioning shall be placed with a tolerance of + or − 1/8".

Wooden floating dock systems will consist of dimensional lumber or Glu-Laminated beams pressure treated with ammoniacal copper arsenite (ACA), chromated copper arsenate (CCA) or pentachlorophenol as appropriate in accordance with AWPA Standard MP4, and as described above in the General Conditions, assembled in a rigid frame and mounted on floatation units. The *flotation* units must be assembled from Polyethylene or Fiberglass tubs designed to resist impact, petroleum products and marine borers, and contain polystyrene foam which completely fills the tub void space as described for concrete floats, completely encased and protected within the tubs. The entire *wood* dock system must have a design life of 20 years and conform to the practices of Chapter 25 UBC. Finger floats less than 6 feet wide will be stabilized with torsion bars, or with a suitably designed rigid box frame to prevent twisting or rotation from off center loading.

Freeboard of the dock system under dead load, which includes all utilities in place and fully operational, shall be not less than 15" after launching and not less

than 14" after 6 months in salt water. Freeboard under live load of 20#/sf shall not be less than 11 inches after six months in salt water.

Operating limits of the float systems must resist a concentrated vertical *live load* of 1000 pounds at any location with an *angular twist* of not more than 5 degrees due to off-center placement, and must resist an *impact load* equal to four times the square of the finger length in feet (4xLxL) at the headfloat in a finger slip.

Utility Brackets supporting utility runs alongside concrete floats must be installed on the structural waler before the facia board is installed. Electrical and telephone *conduit sleeves* cast into floats shall be 4" diameter PVC, Schedule 120, cast with a tolerance of + or − 1/8" to dimensions and cast so that water cannot penetrate into the foam core. In wooden *float* systems there must be adequate space between the deck framing and the tops of the floatation units to accommodate 3 inch PVC conduit, couplings and related junction boxes, and conduit must not penetrate any of the structural members of the framing system.

Junction Pullboxes cast into concrete floats or installed in wooden floats will be associated 104-1730, or equal, of not less than 11" in depth. Covers in place shall be within + or − 1/4" of the deck surface to minimize the stumble hazard, and be permanently marked "E" or "T".

Stringers, Walers and Facers used in the assembly shall be #1 or better, Douglas Fir, surfaced 4 sides, and pressure treated as shown in general specifications for lumber. There shall be not less than two longitudinal timers on each side of all floats. Butt joints in the stringer and facer timbers shall be centered on floats and are limited to one joint per float side. Where Glu-Lams are used they may be installed as single longitudinal members provided they extend the full length of floating finger units. Spliced Glu-Lam beams on headwalks and marginal walks must meet special conditions for strength and rigidity.

Painting (Optional) of wood shall be with undercoat and finish coat of dock enamel, Z-Spar Brolite Moontide Dock Paint or equal, color to be selected, prior to installing vinyl bumper strip.

Open Areas at knees and finger ends shall be covered with a 3/4" marine grade medium density overlaid plywood (MDO) panel treated with pentachlorophenol. 1" plywood for heavy-duty system areas will be used. The panels shall be set flush

with the deck, fastened with 2" #14 stainless steel screws, and surfaced with two coats of polyvinyl non-skid epoxy paint. All edges of plywood shall be treated with clear polyurethane resin, Imperial Paint Company ED-3 or approved equal. Screws shall not be hammered in.

Pile Guides in knees, finger ends, and outside the wales will be constructed with 4 rollers. Guides in heavy duty areas will have welded steel reinforcement. Pile rollers shall be of ultra high molecular weight (UHMW) polyethylene fabricated for the purpose intended on stainless steel shafts mounted in HDG welded brackets.

Heavyweight Concrete Float Systems, where called for in the plans, shall have thicker walking surfaces, larger diameter through rods, and heavier stringers and walers than the Standard.

MARINA PILING

Concrete Holding Piles for the floating docks shall be of the following standard:

Size	Strands
12" X 12"	6 @ 7/16"
14" X 14"	6 @ 1/2"
16" X 16"	9 @ 1/2"
18 X 18	11 @ 1/2"

Piles must be placed within + or – 0.1 foot and set square with the float system. Cut-off elevation is calculated from MLLW and consists of maximum tidal range for the location, plus NOA estimated super elevation, plus Float system freeboard, plus factor of safety of 2 feet, and shall be + or – 0.1 foot of elevation required. Maximum batter allowed is 0.1 foot in 10 feet of pile length.

Pile Finish shall be steel trowel finish on four sides and no fins for the top 20 feet of the pile. Piles shall be capped with fiberglass peaked caps.

Wood Holding Piles for floating docks, when approved, shall be C-3 dual treatment per spec AWPA C-18.

FLOATING DOCK ACCESSORIES

Locker Boxes shall be of molded fiberglass designed to accept utilities, Stockland Company Mark IA, or equal. Installation shall be with lag bolts and large washers, hot dip galvanized and lubricated before installation.

Mooring Cleats shall be provided and installed on finger floats, six per berth, with additional cleats installed in other usable boat mooring locations. Cleats shall be of ductile iron casting, Hot Dip Galvanized. Cleats shall be installed centered on the waler, with bolt head up and a rectangular 1/4" backing plate behind all nuts. Bolts shall be hex headed and hot dip galvanized, of SAE Grade 3 medium carbon steel, or SAE Grade 5, ASTM-A-325 quenched and tempered steel bolts, with a proof load of 85,000 psi.

Berth Size	Cleat Length	Bolt Size	Backing Plate
under 30'	10"	3/8"	1-1/4" X 1-1/2"
36' to 40'	12"	3/8"	1-1/4" X 1-1/2"
41' & over	14"	1/2"	1-1/4" X 1-1/2"

Dock Bumper Strips shall be extruded from nonyellowing marine grade vinyl, CS230-60 Henderson Marine Supply item No. 302 or approved equal, installed continuously. Corner dock bumpers shall be Henderson Marine Supply #304 or approved equal. Bumpers shall be attached with 1-1/2" *aluminum* roofing nails, Federal Specification FF-N-105, at 3 inches on center along the top and 9 inches on center along bottom of strips. For slips longer than 48 feet and side ties longer than 40 feet bumper strips shall be Heavy Duty Utility fender strip, D shape, Henderson Marine Supply Item 3000, or equal, screwed in place using #10 SS oval top wood screws, 1-1/2" long.

GANGWAY, RAMP AND GATEHOUSE CONSTRUCTION

Steel Beams, Beam Saddles and other metal shall be *hot dip galvanized.* Beams shall be undercoated and then painted with flat epoxy paint as per manufacturer's recommendations.

Steel Piping for handrails shall be hot dip galvanized and spray painted with hard high-gloss linear polyurethane paint, Z-Spar by Koppers or approved equal, after undercoating with vinyl wash primer as recommended by manufacturer.

Wood Decking for Gangway, Ramp and Gatehouse Floor shall be 3/4" marine grade MDO plywood, surfaced with two coats of polyvinyl grey epoxy paint. All edges shall be treated with clear polyurethane resin, and then painted to match surface of plywood.

Deck Covering of Treadmaster "M" Anti-Slip, or approved equal, shall be installed on top surface of plywood decking. Application shall be with a good quality two-part marine epoxy. The decking shall be fastened to joists with stainless steel.

Rollers for Gangway shall be self-lubricating, oil retaining wheels with bearings and solid rubber tires.

Metal Sliders are to be installed at the foot of the gangway to support the steel apron, consisting of 4 HD galvanized steel strips 1/4" X 3" wide, held by flat head stainless bolts set in the float deck. Sliders and apron to be protected with a rub strip between the metals made of a 3" strip of UHMW polyethylene.

Steel Apron on end of gangway shall be hot dip galvanized, painted to match gangway deck and Treadmaster "M" decking applied as described for the gangway, above.

Wood for Framing gatehouse shall be construction grade. Gatehouse construction is intended to be conventional wood frame in accordance with UBC requirements.

Roofing Materials shall be standing seam steel roofing, from ASC Pacific, Inc., or approved equal.

Finishes, exterior and interior, for gatehouse shall be of appropriate exterior Olympic stain, opaque.

Metal Gate inside gatehouse shall be constructed of welded steel, hot dip galvanized after assembly, and painted with same finish used on steel pipe handrails.

Hardware for handle and door closure and lock system shall be Schlage #C90 PD Luna Style 626 finish with 2-3/4" backset. Door closer shall be installed on gate. All hardware shall be stainless steel.

MECHANICAL

Shoreside Water Lines are included in marina project and extend to and connect to the water meter. Water service will be protected with a *reduced pressure principle backflow preventer,* in accord with requirements and specifications of the Utility District and the municipality having jurisdiction. *Fire pump riser* and *valve* are to be approved by the local Fire Marshal before installation.

Piping Under Bridges, Gangways and Leading to Flexible Hose at Docks shall be galvanized steel schedule 40, or hard drawn copper Type L.

Water Piping Underground and in the Floating Dock System shall meet the following requirements:

- PVC Schedule 40 type I shall be used up to pipe size 1-1/2" and Class 315 for pipe sizes 2" and larger. Pipe shall be installed in accordance with IAMPO.
- Pipe hangers shall be installed on both sides of headwalk floats under the wales using stainless steel nails. In some places electrical conduit must be supported by the same hangers. Coordination with the electrical contractor is required.
- Any plastic pipe exposed to sunlight shall be wrappped with at least 10 mil tape. Pipe covered by floating dock system does not need wrapping, and no plastic pipe shall be installed where exposure to physical damage can occur.
- Water lines terminating at 90 degree angles or "T's" must be properly strapped to prevent breakage from 150 pound pressure water hammer.
- Any threaded connection between PVC and threaded metal pipe shall be made with the male threaded part PVC and the female coupling of metal.

Fire Hose Cabinets shall be of impact resistant molded fiberglass not less than 4 feet high, with fade-resistant bright color, red or yellow, included in the gel coat, Stockland Company model No. 150, or approved equal, including fire extinguishers AP6ABC. Fire hose in the cabinet shall be 100 feet long.

High Pressure Hoses connecting from shoreside to dock are to be FDA approved food handling hose with 150 psi working pressure rating ASTM D1418:CR. The hose length is to be carefully chosen so that it will not kink or bind at either end under extreme tidal ranges. There should be no excess hose in the loop. A proper

installation leaves the hose out of the water under all but extreme tides. Hoses shall be *clamped securely* and suspended with stainless steel grips.

Sanitary Sewer Lines Installed on the Floating Dock System shall meet the following requirements:

- PVC Schedule 40 type I shall be used up to pipe size 1-1/2" and class 315 for pipe sizes 2" and larger, and shall be installed in accordance with IAMPO installation standards.
- All plastic pipe exposed to direct sunlight shall be wrapped with at least 10 mil tape; pipe covered by the floating dock system need not be covered, and no plastic pipe shall be installed where exposure to physical damage can occur.
- Sewer line shall be routed from the shore end of the gangway and pumped up to Municipal sewer system. Pipe under the wales shall use same hangars as other utilities.
- Sewage *pump-out* equipment used to empty holding tanks in boats shall be Pump-A-Head by Kenton, or approved equal, located as shown on plans. A water faucet with approved backflow preventer shall be installed to backflush the unit and lines.
- *Lift Station* equipment for sewage shall include two (2) 3" discharge pumps, capable of passing a 2" spherical solid with 3/4 motors, installed in a cast iron basin metal cover.

ELECTRICAL

Electrical installation shall conform to all local codes and, as minimum standards, the rules and regulations that apply in the following:

- National Electrical Code (NEC), 1984 edition.
- Title 8, California Administrative Code, Basic Electrical Regulations, sub-chapter 5, Low Voltage and High Voltage Safety Orders.
- Standards, Underwriters Laboratories, Inc.

Construction includes electrical service *from the meter* to the floating docks, and all service on the floating docks to each berth or mooring location and extra service as needed for lighting and pumps.

Service is provided from the meter to Unit Sub-Stations on the docks at 480 volts, three phase, delta connected. The secondary side of Unit Sub-stations is

star connected three phase 120/208 volts with a neutral conductor installed to all service panels at individual berths. Power is metered at each berth with a 30 amp service for berths up to 40 feet long, and two 30 amp services for larger berths. *Equipment Grounding* conductors are required.

Unit Sub-Stations combine a dry type transformer with primary and secondary breakers, and are as follows:

- The *housings* shall be NEMA 3R enclosures, ventilated and weatherproof, made of all welded, #11 gauge steel with stainless steel locks, hardware and hinges. Primary and secondary compartments shall be provided. Housings shall be *hot dip galvanized* prior to painting. Priming and painting procedures after galvanizing shall be finished outside with one coat of wet white gloss baked epoxy paint.

- *Dry Type Transformers* shall be UL listed, and fabricated in accordance with applicable ANSI and NEMA Standards with the following provisions:

  - Transformer windings shall be copper.

  - Noise level of transformer shall be quieter than the average per ANSI Standard.

Transformers shall be anchored to concrete deck of marina transformer float by 5/8" anchor bolts at four (4) corners. Transformer housing shall be set on 2x4 redwood sleepers to eliminate metal-to-concrete contact.

Distribution Panels which are an *integral* part of unit sub-station structure with weather-proof lockable flush door over circuit breakers, and *free standing* panels each include the following:

- Circuit breakers fungus proofed, bolt-in 1P and 3P.

- Circuit breakers of 600 volts common trip.

- Bus bars silver plated copper 1,000 AMPS per square inch.

- Directory inside of door and fully detailed.

- Cylinder locks installed with two keys for each panel door provided.

- Distribution panel trim and back box finished inside and out with one coat of wet white gloss baked epoxy paint.

Free Standing Distribution Panel shall be a NEMA 3R enclosure with stainless steel locks, hardware and hinges, ventilated and weatherproof, made of all welded,

#11 gauge steel, complete with weather-proof lockable flush door over circuit breakers.

Conduit will meet the following conditions:

- *Conduit* shall be rigid nonmetallic conduit, PVC Schedule 40.
- *Conduit Fittings and Outlet Boxes* will be of corrosion resistant cast metal, other than aluminum alloys, with neoprene gaskets and metal covers.
- *Rigid Nonmetallic Conduit* must be supported as required in NEC 1984. In addition there will be a support within 4' of each box, cabinet or other conduit termination. All strapping shall be stainless steel or equivalent material. Brackets and other hardware shall be hot dip galvanized, and of adequate materials and construction to support the loads required.

Conductors will meet the following requirements:

- *Conductors* shall be copper of the AWG according to the plans, stranded for sizes #8 and larger, and color coded according to NEC requirements.
- *Splices and Tapes* will be in accord with NEC 240-21 exceptions 3 and 8.

Fixtures will meet the following conditions:

- *Receptacles* are to be balanced equally across all three phases.
- *Electrical Outlets* installed in each locker box shall be Electric Power Center with one or two receptacles and circuit breakers depending on berth size, 8 watt florescent light and meter space; Alpha IV as made by Shorepower, Inc.
- *Meters* shall be United Metering Services (UMS) Electronic Watthour Meter, P/N 12120-BE, digital readout, single element type with Veider-Root Counter.
- *Light Fixtures* for Gatehouses or other locations are selected to conform with general project fixture styles.

Shore Connection will be made as follows:

- *Cable* installation from gangway to dock must have length of cable chosen so that it will not kink or bind at either end under extreme tidal ranges. There should be no excess hose in the loop. A proper installation leaves the hose out of the water under all but extreme tides.
- *Electrical Utility Stand* to accept cable installation from gangway to dock must be sized and installed to accommodate electrical equipment. It will be

of welded steel, hot dip galvanized after manufacture, primed and painted with the same type of paint used on gangway railings, color grey.

Navigation Lights shall be *perko* 403-3, lens color and installation as shown on plans.

Telephone Duct System shall be complete and in accordance with requirements of the serving telephone company, and shall be in accordance with the following:

- *Connection* at the gangway to the shoreside telephone duct system shall provide a continuous conduit, including nonmetallic flexible conduit at the hinge points, to the floating dock system.

- *Raceway* for support and protection of telephone cables is installed in the floating headwalk system by the float contractor. This raceway shall not be broken or damaged in such a way as to allow unprotected telephone cable to appear in the same space with electrical cable.

- *PVC Conduit,* 1" or larger, shall be installed in the brackets under the wales for each group of locker boxes to the nearest telephone junction or terminal box in the headwalk. A cut-out of the top half of the PVC at least 4" long shall be made under each locker box to allow the telephone drop wire to be pulled up into the locker box. Where necessary to clear other utility lines, flexible nonmetallic conduit, shall be installed as a riser to the locker box. One telephone jack will be located in each locker box.

- *Small Telephone Terminal* enclosures, Stockland model #153, are required installed in knee spaces on the floats. Telephone cables shall be terminated in accord with Pac-Bell standards.

SECTION IV

REPRESENTATIONS AND CERTIFICATIONS

Solicitation Reference Number:

Name and Address of Offeror:

DUNS Number:

Date of Offer:

The bidder makes the following representations and certifications by placing a check in the appropriate spaces or otherwise as appropriate as part of the bid identified above. (In negotiated procurements, "bid" and "bidder" shall mean "offer" and "offeror.") A completed REPRESENTATIONS AND CERTIFICATIONS is to be returned with the bid.

1. CONTINGENT FEE REPRESENTATION AND AGREEMENT

a. Representation. The offeror represents that, except for full-time bona fide employees working solely for the offeror, the offeror:

[Note: The offeror must check the appropriate boxes. For interpretation of the representation, including the term "bona fide employee," see Subpart 3.4 of the Federal Acquisition Regulation.]

(1) ☐ has, ☐ has not employed or retained any person or company to solicit or obtain this contract; and

(2) ☐ has, ☐ has not paid or agreed to pay to any person or company employed or retained to solicit or obtain this contract any commission, percentage, brokerage, or other fee contingent upon or resulting from the award of this contract.

b. Agreement. The offeror agrees to provide information relating to the above Representation as requested by the Contracting Officer and, when subparagraph (a)(1) or (a)(2) is answered affirmatively, to promptly submit to the Contracting Officer:

(1) A completed Standard Form 119, Statement of Contingent or Other Fees, (SF 119), or

(2) A signed statement indicating that the SF 119 was previously submitted to the same contracting office, including the date and applicable solicitation of contract number, and representing that the prior SF 119 applies to this offer or quotation. (FAR 52.203-4)

2. TYPE OF BUSINESS ORGANIZATION

The offeror or quoter, by checking the applicable box, represents that it operates as ☐ a corporation incorporated under the laws of the State of ________, ☐ an individual, ☐ a partnership, ☐ a nonprofit organization, or ☐ a joint venture. (FAR 52.215-6)

3. CERTIFICATE OF INDEPENDENT PRICE DETERMINATION

a. The offeror certifies that:

(1) The prices in this offer have been arrived at independently, without, for the purpose of restricting competition, any consultation, communication, or agreement with any other offeror or competitor relating to (i) those prices, (ii) the intention to submit an offer, or (iii) the methods or factors used to calculate the prices offered;

(2) The prices in this offer have not been and will not be knowingly disclosed by the offeror, directly or indirectly, to any other offeror or competitor before bid opening (in the case of a formally advertised solicitation) or contract award (in the case of a negotiated solicitation) unless otherwise required by law; and

(3) No attempt has been made or will be made by the offeror to induce any other concern to submit or not to submit an offer for the purpose of restricting competition.

b. Each signature on the offer is considered to be a certification by the signatory that the signatory:

(1) Is the person in the offeror's organization responsible for determining the prices being offered in this bid or proposal, and that the signatory has not participated and will not participate in any action contrary to subparagraphs (a)(1) through (a)(3) above; or

(2) (i) Has been authorized, in writing, to act as agent for the following principals in certifying that those principals have not participated, and will not participate in any action contrary to subparagraphs (a)(1) through (a)(3) above

____

[insert full name of person(s) in the offeror's organization responsible for determining the prices offered in this bid or proposal, and the title of his or her position in the offeror's organization];

(ii) As an authorized agent, does certify that the principals named in subdivision (b)(2)(i) above have not participated, and will not participate, in any action contrary to subparagraphs (a)(1) through (a)(3) above; and

(iii) As an agent, has not personally participated, and will not participate, in any action contrary to subparagraphs (a)(1) through (a)(3) above.

c. If the offeror deletes or modifies subparagraph (a)(2) above, the offeror must furnish with its offer a signed statement setting forth in detail the circumstances of the disclosure. (FAR 52.203-2)

4. PARENT COMPANY AND IDENTIFYING DATA

a. A "parent" company, for the purpose of this provision, is one that owns or controls the activities and basic business policies of the bidder. To own the bidding company means that the parent company must own more than 50 percent of the voting rights in that company. A company may control a bidder as a parent even though not meeting the requirement for such ownership if the parent company is able to formulate, determine, or veto basic policy decisions of the offeror through the use of dominant minority voting rights, use of proxy voting, or otherwise.

b. The bidder ☐ is, ☐ is not [check applicable box] owned or controlled by a parent company.

c. If the bidder checked "is" in paragraph (b) above, it shall provide the following information:

Name and Main Office Address of Parent Company (Include Zip Code)	Parent Company's Employer's Identification Number

d. If the bidder checked "is not" in paragraph (b) above, it shall insert its own Employer's Identification Number on the following line: ____________________. (FAR 52.214-8)

5. DATA UNIVERSAL NUMBERING SYSTEM NUMBER REPORTING

In the block with its name and address, the offeror should supply the Data Universal Numbering System (DUNS) Number applicable to that name and address. The DUNS Number should be preceded by "DUNS:". If the offeror does not have a

DUNS Number, it may obtain one from any Dun and Bradstreet branch office. No offeror should delay the submission of its offer pending receipt of its DUNS Number. (DFARS 52.204-7004)

6. AUTHORIZED NEGOTIATORS

The offeror or quoter represents that the following persons are authorized to negotiate on its behalf with the Government in connection with this request for proposals or quotations [list names, title, and telephone numbers of the authorized negotiators.] (FAR 52.215-11)

____

____

____

____

NOTE: Offers must set forth full, accurate and complete information as required by this invitation for bids (including attachments). The penalty for making false statements is prescribed in 18 U.S.C. 1001.

A completed REPRESENTATIONS AND CERTIFICATIONS is to be returned with the offer.

SECTION V

INSTRUCTIONS, CONDITIONS, AND NOTICES TO OFFEROR

A. Solicitation, Offer and Award

This RFP contemplates proposals for the operation, management, and expansion of the marina at NAVSTA Treasure Island. The NAFI will not consider nor award any proposal which does not provide for all phases. Any proposal not providing such services and improvements shall be considered nonconforming.

A preproposal conference will be held on __________ 19___ at__________* local time in Building__________, Naval Air Station, Jacksonville, Florida. Prospective offerors are encouraged to submit written questions no later than _________ 19 ____ to the Contracting Officer. Prepared answers will be delivered during the conference if possible. The conference agenda will include explanation of the RFP, project requirements, and a site tour. A question and answer period will also be provided. An amendment to the RFP may be issued to provide answers to questions should it be necessary.

Questions should be submitted to the address below.

Proposals in the format described in this section are due by and will be accepted until noon, local time, ____________, at the following address:

____

____

____

It is anticipated that award will be made within 90 calendar days after the date proposals are due.

NOTE: THE GOVERNMENT MAY AWARD A CONTRACT AT ANY POINT AFTER RECEIPT OF THE INITIAL PROPOSALS WITHOUT DISCUSSIONS. THEREFORE, EACH PROPOSAL SHOULD CONTAIN THE OFFEROR'S BEST TERMS FROM ALL STANDPOINTS.

B. Submission of Proposals

Seven copies of the proposal are required. The size of some portions of the proposal is restricted as follows: Capital Improvements fifteen (15) pages; Operations and Maintenance Plan twenty (20) pages; Offeror's Marina Management Experience fifteen (15) pages; and Concession Fee Payment to NAFI five (5) pages. Pages will be a standard 8½ x 11 inches printed on one side and type size will be no

smaller than one tenth of an inch in twelve pitch. Proposals are to be typed double-spaced. Proposals should be submitted in four separate and detachable parts as indicated in the following paragraphs to enable independent review of each part. PROPOSALS CONTAINING MORE THAN THE ALLOWABLE NUMBER OF PAGES IN THE ABOVE-LISTED SECTIONS WILL BE RETURNED AS NONRESPONSIVE.

C. Capital Improvements (Part I) (Exhibit F)

This part of the proposal shall consist of narrative and supporting data to address the design and construction of the dock expansion and improvement. Address the mandatory capital improvements listed in Exhibit E and any additional improvements offered. Indicate the minimum amount of money to be spent on each improvement, the scope of the improvement, and the construction timetables. NOTE THAT THE CONSTRUCTION TIMETABLES, THE MINIMUM AMOUNT OF MONEY TO BE SPENT ON EACH IMPROVEMENT, AND THE SCOPE OF EACH IMPROVEMENT WILL BE INCORPORATED INTO AND MADE PART OF THE CONTRACT. Construction Specification Institute (CSI) format is preferred for all engineering construction data. Scaled drawings shall be provided. Artistic renderings are desirable for clarification. This part shall be limited to fifteen (15) pages, excluding plans, drawings, and illustrations, and shall contain the following elements:

1. Site Adaptation. Indicate how the site design of the expansion will relate to its surroundings and fit into the overall character of the base. Demonstrate how vehicular and pedestrian traffic will circulate within the site and between the site and its surroundings. Describe parking and landscaping plans, including choice of materials. Describe other proposed alternatives to the existing marina facilities and how they will enhance the current operation.

2. Architectural Treatment. Describe how the proposed dock expansion and other capital improvements design responds to this RFP and are generally compatible with the existing marina and surrounding base facilities.

3. Fire Protection. Describe how the proposed design of the expansion addresses all the provisions pertaining to fire protection and life safety.

4. Space Requirements and Relationships. Present dock lay- out and floor plans showing functional relationships, convenience, and logistics. Discuss the arrangements and apportionment of spaces, circulation, integration and segregation of functions, transition between spaces, and indoor/outdoor relationships. Discuss flow of client activities, both within and between areas.

5. Construction. Describe the construction and materials to be used for both marina docks and other capital improvements buildings or structures. For enclosed buildings, specify insulation types together with anticipated energy consumption levels in Btu's/SF/year. Also, describe mechanical and electrical systems.

6. Include the following plans and drawings:

(a) Site plan for the expansion, including finished contours, grading and drainage, landscaping, parking/traffic layout, walkways, lighting and layout of utility lines below grade.

(b) Boat traffic plan showing the layout of marina expansion, and any alternatives to the existing facility.

(c) Floor plan and exterior elevations of all sides for proposed building.

7. Provide proposed schedules for design and construction of each facility.

8. Provide specifications and catalog cuts for proposed furnishings, equipment and appliances, if applicable.

D. Operations and Maintenance Plan (Part 2) (Exhibit K)

This part is limited to twenty (20) pages and shall include the following:

1. A facility maintenance and repair management plan for the marina complex. Describe plans to sustain the quality and conditions of facilities and maintain the appearance of the facilities and grounds. Include procedures for preventive maintenance (including a schedule of routine inspections and servicing of equipment) and grounds maintenance. Describe procedures and response times for emergency repairs (life and safety) and routine repairs, and the anticipated average repair time for each of these categories. Include anticipated equipment replacement schedules. NOTE THAT THE MAINTENANCE PLAN WILL BE INCORPORATED INTO AND MADE A PART OF THE CONTRACT.

2. Maintenance Quality Control Program. Describe procedures to maintain performance standards. Indicate how performance standards will be established to comply with the contract and with levels of quality implicit in the offeror's proposal.

3. Marina Operations Plan. Describe the policies and procedures under which the marina will be operated. Include "house rules" for the marina, boat and equipment rental, and pro shop policies. Also include operating hours and staffing levels.

4. Operations Quality Control Program. Describe procedures to maintain performance standards. Indicate how performance standards will be established to comply with the contract and with levels of quality implicit in the offeror's proposal.

E. Experience and History (Part 3) (Exhibit M)

This part is limited to fifteen (15) pages. Provide the following in detail:

1. Information to evaluate your overall experience with respect to: the administration and operation of a marina management, staffing trained personnel, the ability to interface and coordinate with patrons and the installation, and the

financial capability to operate and maintain the facilities. The offeror must be able to demonstrate that planned staffing, personnel policies, corporate management support, and management procedures will be maintained throughout the term of the contract.

2. References. List all marinas owned, leased or operated under concession or other management agreements within the last 5 years. Provide dates and years of involvement with these activities. For those activities operated but not owned, provide the name and address of the owning organization, the contract number, and a reference contact and telephone number.

3. Resumes of all general partners, owners, corporate officers, members of the development team, and management agent.

4. Description of the organization, operational controls, and technical skills, or the ability to obtain them, necessary to perform the requirements of this RFP.

5. Financial statement indicating financial resources to perform the requirements of this RFP; include conditional commitment of lender funds. Identify any loans upon which the firm or principals have defaulted and any construction/development contract project defaults involving the firm or principals of the firm.

6. Name, address, and telephone number of three individuals, including financial, industry, trade, and credit references, whom we may contact regarding the offeror's past experience.

7. Any other information describing the offeror's ability to fulfill the requirements of this RFP.

8. The above information must also be supplied for any partners or owners in partnerships, corporations, or other entities formed subsequent to the submission of the proposal or award of the contract.

F. Concession Fee Payment to NAFI (Part 4)

This part is limited to five (5) pages. It shall consist of the following:

1. Signed Concession Agreement (Section III). (3 original copies)

2. Standard Form 1411, Contract Pricing Proposal Cover Sheet (Attachment 2).

3. Concession Fee Schedule (Exhibit A).

4. Representations and Certifications (Section IV).

5. Standard Form 24, Bid Bond (Attachment 3).

G. Concession Agreement

Proposers shall submit duly executed concession contract (Section III) with their proposals. The NAVSTA Treasure Island NAFI will execute the concession contract upon award.

H. Instructions to Offerors

1. Solicitation Definitions. "Offer" means "proposal" in negotiation. "Solicitation" means a request for proposals (RFP) or a request for quotations (RFQ) in negotiation.

2. Unnecessarily Elaborate Proposals or Quotations. Unnecessarily elaborate brochures or other presentations beyond those sufficient to present a complete and effective response to this solicitation are not desired and may be construed as an indication of the offeror's or quoter's lack of cost consciousness. Elaborate art work, expensive paper and bindings, and expensive visual or other presentation aids are neither necessary nor wanted.

3. Acknowledgment of Amendments to Solicitations. Offerors shall acknowledge receipt of any amendment to this solicitation (a) by signing and returning the amendment, (b) by identifying the amendment number and date in the space provided for this purpose on the form for submitting an offer, or (c) by letter or telegram. The NAFI must receive the acknowledgment by the time specified for receipt of offers.

4. Submission of Offers

(a) Offers and modifications thereof shall be submitted in sealed envelopes or packages (1) addressed to the office specified in the solicitation and (2) showing the time specified for receipt, the solicitation number, and the name and address of the offeror.

(b) Telegraphic offers will not be considered unless authorized by the solicitation; however, offers may be modified by written or telegraphic notice, if that notice is received by the time specified for receipt of offers.

(c) Item samples, if required, must be submitted within the time specified for receipt of offers. Unless otherwise specified in the solicitation, these samples shall be (1) submitted at no expense to the NAFI and (2) returned at the sender's request and expense, unless they are destroyed during preaward testing.

5. Late Submissions, Modifications, and Withdrawals of Proposals

(a) Any proposal received at the office designated in the solicitation after the exact time specified for receipt will not be considered unless it is received before award is made and it

(1) Was sent by registered or certified mail not later than the fifth calendar day before the date specified for receipt of offers (e.g., an offer submitted in response to a solicitation requiring receipt of offers by the 20th of the month must have been mailed by the 15th),

(2) Was sent by mail (or telegram if authorized) and it is determined by the NAFI that the late receipt was due solely to mishandling by the NAFI after receipt at the Government installation, or

(3) Is the only proposal received.

(b) Any modification of a proposal or quotation, except a modification resulting from the Contracting Offeror's request for "best and final" offer, is subject to the same conditions as in subparagraphs (a)(1) and (2) above.

(c) A modification resulting from the Contracting Officer's request for "best and final" offer received after the time and date specified in the request will not be considered unless received before award and the late receipt is due solely to mishandling by the NAFI after receipt at the Government installation.

(d) The only acceptable evidence to establish the date of mailing of a late proposal or modification sent either by registered or certified mail is the U.S. or Canadian Postal Service postmark on the wrapper or on the original receipt from the U.S. or Canadian Postal Service. If neither postmark shows a legible date, the proposal, quotation, or modification shall be processed as if mailed late. "Postmark" means a printed, stamped, or otherwise placed impression (exclusive of a postage meter machine impression) that is readily identifiable without further action as having been supplied and affixed by employees of the U.S. or Canadian Postal Service on the date of mailing. Therefore, offerors or quoters should request the postal clerks to place a hand cancellation bull's-eye postmark on both the receipt and the envelope or wrapper.

(e) The only acceptable evidence to establish the time of receipt at the Government installation is the time/date stamp of that installation on the proposal wrapper or other documentary evidence of receipt maintained by the installation.

(f) Notwithstanding paragraph (a) above, a late modification of an otherwise successful proposal that makes its terms more favorable to the NAFI will be considered at any time it is received and may be accepted.

(g) Proposals may be withdrawn by written notice or telegram (including mailgram) received at any time before award. Proposals may be withdrawn in person by an offeror or an authorized representative if the representative's identity is made known and the representative signs a receipt for the proposal before award.

6. Restriction on Disclosure and Use of Data. Offerors or quoters who include in their proposals or quotations data that they do not want disclosed to the public for any purpose or used by the NAFI except for evaluation purposes, shall

(a) Mark the title page with the following legend:

> "This proposal or quotation includes data that shall not be disclosed outside the NAFI and shall not be duplicated, used, or disclosed in whole or in part for any purpose other than to evaluate this proposal or quotation. If, however, a contract is awarded to this offeror or quoter as a result of or in connection with the submission of this data, the NAFI shall have the right to duplicate, use, or disclose the data to the extent provided in the resulting contract. This restriction does not limit the NAFI's right to use information contained in this data if it is obtained from another source without restriction. The data subject to this restriction are contained in sheets [insert numbers or other identification of sheets]"; and

(b) Mark each sheet of data it wishes to restrict with the following legend:

> "Use or disclosure of data contained on this sheet is subject to the restriction on the title page of this proposal or quotation."

7. Preparation of Offers

(a) Offerors are expected to examine the drawings, specifications, schedule, and all instructions. Failure to do so will be at the offeror's risk.

(b) Each offeror shall furnish the information required by the solicitation. The offeror shall sign the offer and print or type its name on the Schedule and each continuation sheet on which it makes an entry. Erasures or other changes must be initialed by the person signing the offer. Offers signed by an agent shall be accompanied by evidence of that agent's authority, unless that evidence has been previously furnished to the issuing office.

(c) For each item offered, offerors shall (1) show the unit price/cost, including, unless otherwise specified, packaging, packing, and preservation, and (2) enter the extended price/cost for the quantity of each item offered in the "Amount" column of the Schedule. In case of discrepancy between a unit price/cost and an extended price/cost, the unit price/cost will be presumed to be correct, subject, however, to correction to the same extent and in the same manner as any other mistake.

(d) Offers for supplies or services other than those specified will not be considered unless authorized by the solicitation.

(e) Offerors must state a definite time for delivery of supplies or for performance of services, unless otherwise specified in the solicitation.

(f) Time, if stated as a number of days, will include Saturdays, Sundays, and holidays.

8. Explanation to Prospective Offerors. Any prospective offeror desiring an explanation or interpretation of the solicitation, drawings, specifications, etc., must request it in writing soon enough to allow a reply to reach all prospective offerors before the submission of their offers. Oral explanations or instructions given before the award of the contract will not be binding. Any information given to a prospective offeror concerning a solicitation will be furnished promptly to all other prospective offerors as an amendment of the solicitation, if that information is necessary in submitting offers or if the lack of it would be prejudicial to any other prospective offerors.

9. Failure to Submit Offer. Recipients of this solicitation not responding with an offer should not return this solicitation, unless it specifies otherwise. Instead, they should advise the issuing office by letter or postcard whether they want to receive future solicitations for similar requirements. If a recipient does not submit an offer and does not notify the issuing office that future solicitations are desired, the recipient's name may be removed from the applicable mailing list.

10. Contract Award

(a) The NAFI will award a concession contract resulting from this solicitation to the responsible offeror whose offer conforming to the solicitation will be most advantageous to the NAFI, cost or price and other factors specified elsewhere in this solicitation considered.

(b) The NAFI may (i) reject any or all offers, (ii) accept other than the lowest offer, and (iii) waive informalities and minor irregularities in offers received.

(c) The NAFI may award a contract on the basis of initial offers received, without discussions. Therefore, each initial offer should contain the offeror's best terms from a cost or price and technical standpoint.

(d) The NAFI may accept any item or group of items of an offer, unless the offeror qualifies the offer by specific limitations.

(e) A written award or acceptance of offer mailed or otherwise furnished to the successful offeror within the time for acceptance specified in the offer shall result in a binding contract without further action by either party. Before the offer's specified expiration time, the NAFI may accept an offer (or part of an offer, as provided in Paragraph (d) above), whether or not there are negotiations after its receipt, unless a written notice of withdrawal is received before award. Negotiations conducted after receipt of an offer do not constitute a rejection or counter offer by the NAFI.

(f) Neither financial data submitted with an offer, nor representations concerning facilities or financing, will form a part of the resulting contract. However,

if the resulting contract contains a clause providing for price reduction for defective cost or pricing data, the contract price will be subject to reduction if cost or pricing data furnished is incomplete, inaccurate, or not current.

11. Type of Contract. The Government contemplates award of a concessions contract resulting from this solicitation.

12. Site Visit. Offerors are urged and expected to inspect the site where services are to be performed and to satisfy themselves regarding all general and local conditions that may affect the cost of contract performance, to the extent that the information is reasonably obtainable. In no event shall failure to inspect the site constitute grounds for a claim after contract award.

13. Private Opening of Proposals. Proposals will be privately opened at the time set for opening in the RFP. Their contents will not be made public.

14. Offers Acceptance Period. Offers offering less than the period of days specified for acceptance by the NAFI from the date set for opening of offers will be considered nonresponsive and will be rejected.

15. Modifications Prior to Date Set for Opening Offers. The right is reserved, as the interest of the NAFI may require, to revise or amend the specifications or drawings or both prior to the date set for opening offers. Such revisions and amendments, if any, will be announced by an amendment or amendments to this RFP. If the revisions and amendments are of a nature which requires material changes in quantities or prices to be bid or both, the date set for opening offers may be postponed by such number of days as in the opinion of the issuing officer will enable offerors to revise their offers. In such cases, the amendment will include an announcement of the new date set for opening offers.

16. Bid Guarantee

(a) To assure the execution of the contract and the performance bond, each offeror shall submit with its bid a guaranty bond (Standard Form 24, Attachment 3) executed by a surety company holding a certificate of authority from the Secretary of the Treasury, as an acceptable surety, or other security as provided in this clause. Security shall be in the sum of $50,000. The bid guaranty shall be accompanied by a verifax or other facsimile copy of the agent's authority to sign bonds for the surety company.

(b) Failure to furnish a bid guarantee in the proper form and amount, by the time set for opening of bids, may be cause for rejection of the bid.

(c) The offeror (bidder) shall furnish a bid guarantee in the form of a firm commitment, such as a bid bond, postal money order, certified check, cashier's check, irrevocable letter of credit, or, under Treasury Department regulations, certain bonds or notes of the United States. The Contracting Officer will return bid guarantees, other than bid bonds (1) to unsuccessful bidders as soon as practicable

after the opening of bids, and (2) to the successful bidder upon execution of contractual documents and bonds (including any necessary coinsurance or reinsurance agreements), as required by the bid as accepted.

(d) If the successful bidder, upon acceptance of its bid by the NAFI within the period specified for acceptance, fails to execute all contractual documents or give a bond(s) as required by the solicitation within the time specified, the Contracting Officer may terminate the contract for default.

(e) Unless otherwise specified in the bid, the bidder will (1) allow 60 days for acceptance of its bid and (2) give bond within 10 days after receipt of the forms by the bidder.

(f) In the event the contract is terminated for default, the bidder is liable for any cost of acquiring the work that exceeds the amount of its bid, and the bid guarantee is available to offset the difference.

17. Best and Final Offers

(a) After evaluating proposals, the NAFI will call for best and final offers. Such best and final offers will be treated as firm proposals in place of the proposals originally submitted. On the day the Contracting Officer requests best and final offers, he will quote the previous day's yield of the most recent 10-year U.S. Treasury Bond. The yield quoted will be the previous day's closing yield for the most recent 10-year U.S. Treasury Bond, as reported in the Wall Street Journal dated the day best and final offers are requested. The Contracting Officer must award the Contract Agreement within 45 days of the date best and final offers are due or the successful proposer is not bound by the terms of his best and final offer.

(b) Additionally, the successful proposer is not bound by the terms of his best and final offer if, on the day of award, the previous day's closing yield of the most recent 10-year U.S. Treasury Bond, as reported in the Wall Street Journal dated the day of the award, is more than one percent (100 basis points) higher than the yield quoted by the Contracting Officer on the day best and final offers were requested. The successful proposer may, at his option, agree to accept an award made after the 45 days described in paragraph a above, or when the yield described above has increased more than one percent; however, he must notify the Contracting Officer of his acceptance within 5 days of the date of award in writing, and bonds and other documents are required to be submitted as scheduled in this RFP.

SECTION VI

EVALUATION FACTORS FOR AWARD

A. Process

The NAFI will select a proposal and award a contract under this RFP using a negotiated acquisition process that allows the NAFI to evaluate offers on factors other than price alone, and to select the proposal that provides the "greatest value to the NAFI."

NOTE: THE "GREATEST VALUE TO THE NAFI" UNDER THIS RFP WILL BE DETERMINED BY EVALUATING THE TECHNICAL QUALITY AND PROPOSED CONCESSION FEE PAYMENTS OF EACH OFFER.

A selection board will review and evaluate all proposals submitted in response to this RFP, according to the procedures explained in the paragraphs below. After the selection board has completed its review of the proposals, as described below, the Contracting Officer will forward the board's recommendation for award to the selection authority, who will make the final decision on awarding this contract.

NOTE: The NAFI may request on-site visitation of facilities similar to those requested in the RFP that have been designed, constructed, operated, and maintained by the offeror.

B. Source Selection Board

Under the selection process, proposals are evaluated by the Board using a predetermined selection plan. In this RFP, the selection plan consists of the four major rating elements listed in paragraph c, below. The rating elements are listed in descending order of importance. The Selection Board has considerable discretion in determining which proposal represents the "greatest value to the NAFI."

C. Source Selection Plan

Those proposals that are "responsive" – that is, conform to the format and requirements of this RFP – will be evaluated using a predetermined rating plan. This plan consists of the following four major rating elements, which are listed in descending order of importance:

- Capital Improvements – Design/Construction
- Operation and Maintenance Plan

- Experience and History
- Concession Fee Payments to NAFI. This will be evaluated on the basis of a net present value.

A narrative description of the selection plan elements is outlined in Section V. Offerors should carefully review this section to fully understand the criteria upon which their proposals will be rated.

NOTE: OFFERORS MUST ALSO UNDERSTAND THAT THEIR TREATMENT OF EACH RATING ELEMENT WILL SIGNIFICANTLY AFFECT THE ACCEPTABILITY OF THEIR PROPOSALS TO THE NAFI. OFFERORS SHOULD NOT ASSUME THAT THEY CAN ENHANCE THE ACCEPTABILITY OF THEIR PROPOSALS BY OFFSETTING A WEAK CAPITAL IMPROVEMENTS, OPERATIONS AND MAINTENANCE, OR EXPERIENCE AND HISTORY RATING ELEMENT WITH A FAVORABLE CONCESSION FEE PROPOSAL.

Section V of this RFP specifies the information to be submitted with each offer. This information will be used by the selection board in evaluating the elements of each proposal. Since this is a negotiated acquisition, offerors should anticipate discussions with members of the selection board and their consultants regarding individual elements of their proposals. These discussions may result in the selection board requiring the offeror to furnish additional evidence of financial condition, ability to assume and perform the obligations and responsibilities imposed by the terms and conditions of the agreement, and the proposal submitted. These discussions may also include requests for additional information or suggested changes to proposals to conform with NAFI objectives.

NOTE: IT IS THE RESPONSIBILITY OF EACH OFFEROR TO INSURE THAT ITS INITIAL PROPOSAL INCLUDES ALL OF THE INFORMATION SPECIFIED IN THE RFP. THE OFFEROR SHALL PROVIDE ANY SUBSEQUENT INFORMATION REQUESTED BY THE NAFI IN A TIMELY MANNER BY THE DATE AND TIME SPECIFIED BY THE CONTRACTING OFFICER OR HIS DESIGNATED REPRESENTATIVE.

ATTACHMENTS

LIST OF ATTACHMENTS

ATTACHMENT 1

DESIRED ADDITIONAL CAPITAL IMPROVEMENTS

DESIRED ADDITIONAL CAPITAL IMPROVEMENTS

The following required capital improvements are not mandatory but are merely provided as suggested improvements that can be offered.

- Construct more than 250 new slips required in Exhibit F.
- Construct a facility for sailing classroom, food and beverage services, chandlery, etc.

ATTACHMENT 2

**STANDARD FORM 1411,
CONTRACT PRICING PROPOSAL COVER SHEET**

CONTRACT PRICING PROPOSAL COVER SHEET

1. SOLICITATION/CONTRACT/MODIFICATION NO.

FORM APPROVED OMB NO. 3090-0116

NOTE: This form is used in contract actions if submission of cost or pricing data is required. *(See FAR 15.804-6(b))*

2. NAME AND ADDRESS OF OFFEROR *(Include ZIP Code)*

3A. NAME AND TITLE OF OFFEROR'S POINT OF CONTACT

3B. TELEPHONE NO.

4. TYPE OF CONTRACT ACTION *(Check)*

☐ A. NEW CONTRACT
☐ B. CHANGE ORDER
☐ C. PRICE REVISION/ REDETERMINATION
☐ D. LETTER CONTRACT
☐ E. UNPRICED ORDER
☐ F. OTHER *(Specify)*

5. TYPE OF CONTRACT *(Check)*

☐ FFP ☐ CPFF ☐ CPIF ☐ CPAF
☐ FPI ☐ OTHER *(Specify)*

6. PROPOSED COST *(A+B=C)*

A. COST	B. PROFIT/FEE	C. TOTAL
$	$	$

7. PLACE(S) AND PERIOD(S) OF PERFORMANCE

8. List and reference the identification, quantity and total price proposed for each contract line item. A line item cost breakdown supporting this recap is required unless otherwise specified by the Contracting Officer. *(Continue on reverse, and then on plain paper, if necessary. Use same headings.)*

A. LINE ITEM NO.	B. IDENTIFICATION	C. QUANTITY	D. TOTAL PRICE	E. REF.

9. PROVIDE NAME, ADDRESS, AND TELEPHONE NUMBER FOR THE FOLLOWING *(If available)*

A. CONTRACT ADMINISTRATION OFFICE

B. AUDIT OFFICE

10. WILL YOU REQUIRE THE USE OF ANY GOVERNMENT PROPERTY IN THE PERFORMANCE OF THIS WORK? *(If "Yes," identify)*

☐ YES ☐ NO

11A. DO YOU REQUIRE GOVERNMENT CONTRACT FINANCING TO PERFORM THIS PROPOSED CONTRACT? *(If "Yes," complete Item 11B)*

☐ YES ☐ NO

11B. TYPE OF FINANCING *(✓ one)*

☐ ADVANCE PAYMENTS ☐ PROGRESS PAYMENTS
☐ GUARANTEED LOANS

12. HAVE YOU BEEN AWARDED ANY CONTRACTS OR SUBCONTRACTS FOR THE SAME OR SIMILAR ITEMS WITHIN THE PAST 3 YEARS? *(If "Yes," identify item(s), customer(s) and contract number(s))*

☐ YES ☐ NO

13. IS THIS PROPOSAL CONSISTENT WITH YOUR ESTABLISHED ESTIMATING AND ACCOUNTING PRACTICES AND PROCEDURES AND FAR PART 31 COST PRINCIPLES? *(If "No," explain)*

☐ YES ☐ NO

14. COST ACCOUNTING STANDARDS BOARD (CASB) DATA *(Public Law 91-379 as amended and FAR PART 30)*

A. WILL THIS CONTRACT ACTION BE SUBJECT TO CASB REGULATIONS? *(If "No," explain in proposal)*

☐ YES ☐ NO

B. HAVE YOU SUBMITTED A CASB DISCLOSURE STATEMENT *(CASB DS-1 or 2)*? *(If "Yes," specify in proposal the office to which submitted and if determined to be adequate)*

☐ YES ☐ NO

C. HAVE YOU BEEN NOTIFIED THAT YOU ARE OR MAY BE IN NONCOMPLIANCE WITH YOUR DISCLOSURE STATEMENT OR COST ACCOUNTING STANDARDS? *(If "Yes," explain in proposal)*

☐ YES ☐ NO

D. IS ANY ASPECT OF THIS PROPOSAL INCONSISTENT WITH YOUR DISCLOSED PRACTICES OR APPLICABLE COST ACCOUNTING STANDARDS? *(If "Yes," explain in proposal)*

☐ YES ☐ NO

This proposal is submitted in response to the RFP contract, modification, etc. in Item 1 and reflects our best estimates and/or actual costs as of this date.

15. NAME AND TITLE *(Type)*

16. NAME OF FIRM

17. SIGNATURE

18. DATE OF SUBMISSION

* U.S. GOVERNMENT PRINTING OFFICE: 1984-436-960

ATTACHMENT 3

STANDARD FORM 24, BID BOND

BID BOND *(See instructions on reverse)*	DATE BOND EXECUTED *(Must be same or later than bid opening date)*
PRINCIPAL *(Legal name and business address)*	TYPE OF ORGANIZATION *("X" one)* ☐ INDIVIDUAL ☐ PARTNERSHIP ☐ JOINT VENTURE ☐ CORPORATION
	STATE OF INCORPORATION
SURETY(IES) *(Name and business address)*	

PENAL SUM OF BOND					BID IDENTIFICATION	
PERCENT OF BID PRICE	AMOUNT NOT TO EXCEED				BID DATE	INVITATION NO.
	MILLION(S)	THOUSAND(S)	HUNDRED(S)	CENTS		
					FOR *(Construction, Supplies or Services)*	

OBLIGATION:

We, the Principal and Surety(ies) are firmly bound to the United States of America (hereinafter called the Government) in the above penal sum. For payment of the penal sum, we bind ourselves, our heirs, executors, administrators, and successors, jointly and severally. However, where the Sureties are corporations acting as co-sureties, we, the Sureties, bind ourselves in such sum "jointly and severally" as well as "severally" only for the purpose of allowing a joint action or actions against any or all of us. For all other purposes, each Surety binds itself, jointly and severally with the Principal, for the payment of the sum shown opposite the name of the Surety. If no limit of liability is indicated, the limit of liability is the full amount of the penal sum.

CONDITIONS:

The Principal has submitted the bid identified above.

THEREFORE:

The above obligation is void if the Principal – (a) upon acceptance by the Government of the bid identified above, within the period specified therein for acceptance (sixty (60) days if no period is specified), executes the further contractual documents and gives the bond(s) required by the terms of the bid as accepted within the time specified (ten (10) days if no period is specified) after receipt of the forms by the principal; or (b) in the event of failure so to execute such further contractual documents and give such bonds, pays the Government for any cost of procuring the work which exceeds the amount of the bid.

Each Surety executing this instrument agrees that its obligation is not impaired by any extension(s) of the time for acceptance of the bid that the Principal may grant to the Government. Notice to the surety(ies) of extension(s) are waived. However, waiver of the notice applies only to extensions aggregating not more than sixty (60) calendar days in addition to the period originally allowed for acceptance of the bid.

WITNESS:

The Principal and Surety(ies) executed this bid bond and affixed their seals on the above date.

PRINCIPAL

Signature(s)	1. (Seal)	2. (Seal)	*Corporate Seal*
Name(s) & Title(s) *(Typed)*	1.	2.	

INDIVIDUAL SURETIES

Signature(s)	1. (Seal)	2. (Seal)
Name(s) *(Typed)*	1.	2.

CORPORATE SURETY(IES)

SURETY A	Name & Address		STATE OF INC.	LIABILITY LIMIT $	*Corporate Seal*
	Signature(s)	1.	2.		
	Name(s) & Title(s) *(Typed)*	1.	2.		

CORPORATE SURETY(IES) *(Continued)*

SURETY B	Name & Address		STATE OF INC.	LIABILITY LIMIT $	*Corporate Seal*
	Signature(s)	1.	2.		
	Name(s) & Title(s) *(Typed)*	1.	2.		
SURETY C	Name & Address		STATE OF INC.	LIABILITY LIMIT $	*Corporate Seal*
	Signature(s)	1.	2.		
	Name(s) & Title(s) *(Typed)*	1.	2.		
SURETY D	Name & Address		STATE OF INC.	LIABILITY LIMIT $	*Corporate Seal*
	Signature(s)	1.	2.		
	Name(s) & Title(s) *(Typed)*	1.	2.		
SURETY E	Name & Address		STATE OF INC.	LIABILITY LIMIT $	*Corporate Seal*
	Signature(s)	1.	2.		
	Name(s) & Title(s) *(Typed)*	1.	2.		
SURETY F	Name & Address		STATE OF INC.	LIABILITY LIMIT $	*Corporate Seal*
	Signature(s)	1.	2.		
	Name(s) & Title(s) *(Typed)*	1.	2.		
SURETY G	Name & Address		STATE OF INC.	LIABILITY LIMIT $	*Corporate Seal*
	Signature(s)	1.	2.		
	Name(s) & Title(s) *(Typed)*	1.	2.		

INSTRUCTIONS

1. This form is authorized for use when a bid guaranty is required. Any deviation from this form will require the written approval of the Administrator of General Services.

2. Insert the full legal name and business address of the Principal in the space designated "Principal" on the face of the form. An authorized person shall sign the bond. Any person signing in a representative capacity (e.g., an attorney-in-fact) must furnish evidence of authority if that representative is not a member of the firm, partnership, or joint venture, or an officer of the corporation involved.

3. The bond may express penal sum as a percentage of the bid price. In these cases, the bond may state a maximum dollar limitation (e.g., *20% of the bid price but the amount not to exceed ________ dollars*).

4. (a) Corporations executing the bond as sureties must appear on the Department of the Treasury's list of approved sureties and must act within the limitation listed herein. Where more than one corporate surety is involved, their names and addresses shall appear in the spaces (Surety A, Surety B, etc.) headed "CORPORATE SURETY(IES)". In the space designated "SURETY(IES)" on the face of the form, insert only the letter identification of the sureties.

(b) Where individual sureties are involved, two or more responsible persons shall execute the bond. A completed Affidavit of Individual Surety (Standard Form 28), for each individual surety, shall accompany the bond. The Government may require these sureties to furnish additional substantiating information concerning their financial capability.

5. Corporations executing the bond shall affix their corporate seals. Individuals shall execute the bond opposite the word "Corporate Seal"; and shall affix an adhesive seal if executed in Maine, New Hampshire, or any other jurisdiction requiring adhesive seals.

6. Type the name and title of each person signing this bond in the space provided.

7. In its application to negotiated contracts, the terms "bid" and "bidder" shall include "proposal" and "offeror"

ATTACHMENT 4

STANDARD FORM 25, PERFORMANCE BOND

PERFORMANCE BOND

(See instructions on reverse)

PRINCIPAL *(Legal name and business address)*	**DATE BOND EXECUTED** *(Must be same or later than date of contract)*
	TYPE OF ORGANIZATION *("X" one)* ☐ INDIVIDUAL ☐ PARTNERSHIP ☐ JOINT VENTURE ☐ CORPORATION
	STATE OF INCORPORATION
SURETY(IES) *(Name(s) and business address(es))*	**PENAL SUM OF BOND** MILLION(S) | THOUSAND(S) | HUNDRED(S) | CENTS
	CONTRACT DATE | **CONTRACT NO.**

OBLIGATION:

We, the Principal and Surety(ies), are firmly bound to the United States of America (hereinafter called the Government) in the above penal sum. For payment of the penal sum, we bind ourselves, our heirs, executors, administrators, and successors, jointly and severally. However, where the Sureties are corporations acting as co-sureties, we, the Sureties, bind ourselves in such sum "jointly and severally" as well as "severally" only for the purpose of allowing a joint action or actions against any or all of us. For all other purposes, each Surety binds itself, jointly and severally with the Principal, for the payment of the sum shown opposite the name of the Surety. If no limit of liability is indicated, the limit of liability is the full amount of the penal sum.

CONDITIONS:

The Principal has entered into the contract identified above.

THEREFORE:

The above obligation is void if the Principal –

(a)(1) Performs and fulfills all the undertakings, covenants, terms, conditions, and agreements of the contract during the original term of the contract and any extensions thereof that are granted by the Government, with or without notice to the Surety(ies), and during the life of any guaranty required under the contract, and (2) perform and fulfills all the undertakings, covenants, terms conditions, and agreements of any and all duly authorized modifications of the contract that hereafter are made. Notice of those modifications to the Surety(ies) are waived.

(b) Pays to the Government the full amount of the taxes imposed by the Government, if the said contract is subject to the Miller Act, (40 U.S.C. 270a-270e), which are collected, deducted, or withheld from wages paid by the Principal in carrying out the construction contract with respect to which this bond is furnished.

WITNESS:

The Principal and Surety(ies) executed this performance bond and affixed their seals on the above date.

PRINCIPAL

Signature(s)	1. *(Seal)*	2. *(Seal)*	Corporate Seal
Name(s) & Title(s) *(Typed)*	1.	2.	

INDIVIDUAL SURETY(IES)

Signature(s)	1. *(Seal)*	2. *(Seal)*
Name(s) *(Typed)*	1.	2.

CORPORATE SURETY(IES)

SURETY A	Name & Address		STATE OF INC.	LIABILITY LIMIT $	Corporate Seal
	Signature(s)	1.	2.		
	Name(s) & Title(s) *(Typed)*	1.	2.		

CORPORATE SURETY(IES) *(Continued)*

SURETY B	Name & Address		STATE OF INC.	LIABILITY LIMIT $	*Corporate Seal*
	Signature(s)	1.	2.		
	Name(s) & Title(s) *(Typed)*	1.	2.		
SURETY C	Name & Address		STATE OF INC.	LIABILITY LIMIT $	*Corporate Seal*
	Signature(s)	1.	2.		
	Name(s) & Title(s) *(Typed)*	1.	2.		
SURETY D	Name & Address		STATE OF INC.	LIABILITY LIMIT $	*Corporate Seal*
	Signature(s)	1.	2.		
	Name(s) & Title(s) *(Typed)*	1.	2.		
SURETY E	Name & Address		STATE OF INC.	LIABILITY LIMIT $	*Corporate Seal*
	Signature(s)	1.	2.		
	Name(s) & Title(s) *(Typed)*	1.	2.		
SURETY F	Name & Address		STATE OF INC.	LIABILITY LIMIT $	*Corporate Seal*
	Signature(s)	1.	2.		
	Name(s) & Title(s) *(Typed)*	1.	2.		
SURETY G	Name & Address		STATE OF INC.	LIABILITY LIMIT $	*Corporate Seal*
	Signature(s)	1.	2.		
	Name(s) & Title(s) *(Typed)*	1.	2.		

BOND PREMIUM ▶	RATE PER THOUSAND	TOTAL
	$	$

INSTRUCTIONS

1. This form is authorized for use in connection with Government contracts. Any deviation from this form will require the written approval of the Administrator of General Services.

2. Insert the full legal name and business address of the Principal in the space designated "Principal" on the face of the form. An authorization person shall sign the bond. Any person signing in a representative capacity (e.g., an attorney-in-fact) must furnish evidence of authority if that representative is not a member of the firm, partnership, or joint venture, or an officer of the corporation involved.

3. (a) Corporations executing the bond as sureties must appear on the Department of the Treasury's list of approved sureties and must act within the limitation listed therein. Where more than one corporate surety is involved, their names and addresses shall appear in the spaces (Surety A, Surety B, etc.) headed "CORPORATE SURETY(IES)". In the space designated "SURETY(IES)" on the face of the form insert only the letter identification of the sureties.

(b) Where individual sureties are involved, two or more responsible persons shall execute the bond. A completed Affidavit of Individual Surety (Standard Form 28), for each individual surety, shall accompany the bond. The Government may require these sureties to furnish additional substantiating information concerning their financial capability.

4. Corporations executing the bond shall affix their corporate seals. Individuals shall execute the bond opposite the word "Corporate Seal"; and shall affix an adhesive seal if executed in Maine, New Hampshire, or any other jurisdiction requiring adhesive seals.

5. Type the name and title of each person signing this bond in the space provided.

★GPO : 1983 0 - 381-526 (9048)

ATTACHMENT 5

STANDARD FORM 25A, PAYMENT BOND

PAYMENT BOND

(See instructions on reverse)

PRINCIPAL *(Legal name and business address)*	DATE BOND EXECUTED *(Must be same or later than date of contract)*
	TYPE OF ORGANIZATION *("X" one)* ☐ INDIVIDUAL ☐ PARTNERSHIP ☐ JOINT VENTURE ☐ CORPORATION
	STATE OF INCORPORATION
SURETY(IES) *(Name(s) and business address(es))*	PENAL SUM OF BOND MILLION(S) | THOUSAND(S) | HUNDRED(S) | CENTS
	CONTRACT DATE | CONTRACT NO.

OBLIGATION:

We, the Principal and Surety(ies), are firmly bound to the United States of America (hereinafter called the Government) in the above penal sum. For payment of the penal sum, we bind ourselves, our heirs, executors, administrators, and successors, jointly and severally. However, where the Sureties are corporations acting as co-sureties, we, the Sureties, bind ourselves in such sum "jointly and severally" as well as "severally" only for the purpose of allowing a joint action or actions against any or all of us. For all other purposes, each Surety binds itself, jointly and severally with the Principal, for the payment of the sum shown opposite the name of the Surety. If no limit of liability is indicated, the limit of liability is the full amount of the penal sum.

CONDITIONS:

The above obligation is void if the Principal promptly makes payment to all persons having a direct relationship with the Principal or a subcontractor of the Principal for furnishing labor, material or both in the prosecution of the work provided for in the contract identified above, and any authorized modifications of the contract that subsequently are made. Notice of those modifications to the Surety(ies) are waived.

WITNESS:

The Principal and Surety(ies) executed this payment bond and affixed their seals on the above date.

PRINCIPAL

Signature(s)	1. *(Seal)*	2. *(Seal)*	*Corporate Seal*
Name(s) & Title(s) *(Typed)*	1.	2.	

INDIVIDUAL SURETY(IES)

Signature(s)	1. *(Seal)*	2. *(Seal)*
Name(s) *(Typed)*	1.	2.

CORPORATE SURETY(IES)

SURETY A	Name & Address		STATE OF INC.	LIABILITY LIMIT $	*Corporate Seal*
	Signature(s)	1.	2.		
	Name(s) & Title(s) *(Typed)*	1.	2.		

CORPORATE SURETY(IES) *(Continued)*

SURETY B	**Name & Address**		**STATE OF INC.**	**LIABILITY LIMIT** $	***Corporate Seal***
	Signature(s)	1.	2.		
	Name(s) & Title(s) *(Typed)*	1.	2.		
SURETY C	**Name & Address**		**STATE OF INC.**	**LIABILITY LIMIT** $	***Corporate Seal***
	Signature(s)	1.	2.		
	Name(s) & Title(s) *(Typed)*	1.	2.		
SURETY D	**Name & Address**		**STATE OF INC.**	**LIABILITY LIMIT** $	***Corporate Seal***
	Signature(s)	1.	2.		
	Name(s) & Title(s) *(Typed)*	1.	2.		
SURETY E	**Name & Address**		**STATE OF INC.**	**LIABILITY LIMIT** $	***Corporate Seal***
	Signature(s)	1.	2.		
	Name(s) & Title(s) *(Typed)*	1.	2.		
SURETY F	**Name & Address**		**STATE OF INC.**	**LIABILITY LIMIT** $	***Corporate Seal***
	Signature(s)	1.	2.		
	Name(s) & Title(s) *(Typed)*	1.	2.		
SURETY G	**Name & Address**		**STATE OF INC.**	**LIABILITY LIMIT** $	***Corporate Seal***
	Signature(s)	1.	2.		
	Name(s) & Title(s) *(Typed)*	1.	2.		

INSTRUCTIONS

1. This form, for the protection of persons supplying labor and material, is used when a payment bond is required under the Act of August 24, 1935, 49 Stat. 793 (40 U.S.C. 270 a–270e). Any deviation from this form will require the written approval of the Administrator of General Services.

2. Insert the full legal name and business address of the Principal in the space designated "Principal" on the face of the form. An authorized person shall sign the bond. Any person signing in a representative capacity (e.g., an attorney-in-fact) must furnish evidence of authority if that representative is not a member of the firm, partnership, or joint venture, or an officer of the corporation involved.

3. (a) Corporations executing the bond as sureties must appear on the Department of the Treasury's list of approved sureties and must act within the limitation listed therein. Where more than one corporate surety is involved, their names and addresses shall appear in the spaces (Surety A, Surety B, etc.) headed "CORPORATE SURETY(IES)". In the space designated "SURETY(IES)" on the face of the form, insert only the letter identification of the sureties.

(b) Where individual sureties are involved, two or more responsible persons shall execute the bond. A completed Affidavit of Individual Surety (Standard Form 28), for each individual surety, shall accompany the bond. The Government may require these sureties to furnish additional substantiating information concerning their financial capability.

4. Corporations executing the bond shall affix their corporate seals. Individuals shall execute the bond opposite the word "Corporate Seal"; and shall affix an adhesive seal if executed in Maine, New Hampshire, or any other jurisdiction regarding adhesive seals.

5. Type the name and title of each person signing this bond in the space provided.

☆GPO : 1983 O - 381-526 (9058)

ATTACHMENT 6

NAS JACKSONVILLE MARINA CONSOLIDATED INCOME STATEMENTS

NAS JACKSONVILLE MARINA CONSOLIDATED INCOME STATEMENTS

	FY86		FY87		FY88	
	Local NAF	Navy	Local NAF	Navy	Local NAF	Navy
Revenue						
Less: APF reimbursement						
Net revenue						
Expenses						
Payroll						
FICA						
Annual leave						
Sick leave						
Employee benefits*						
Equipment rental						
Telephone/postage						
Repair & maint. facility						
Repair & maint. vehicles						
Repair & maint. FF&E						
Minor property						
Supplies						
Freight & transportation						
Instructional fees						
Advertising and promotion						
Utilities						
Miscellaneous						
Total expenses						
Net profit (loss)						

* Employee benefits are paid by the Navy.

ATTACHMENT 7

SURVEY OF LOCAL MARINA BOAT AND SLIP RENTALS

SURVEY OF LOCAL MARINA BOAT AND SLIP RENTALS

(To be Provided by NAS Jacksonville)

ATTACHMENT 8

SITE DESCRIPTION

SITE DESCRIPTION

(To be Provided by NAS Jacksonville)

APPENDIX Q

NAVAL TRAINING CENTER ORLANDO
CLUBS POSITION PAPER

PREFACE

Appendix Q was originally published separately as a temporary LMI position paper with a restricted distribution. We reprinted it here with no changes.

3 August 1988

MILITARY SERVICE CLUBS POSITION PAPER

OVERVIEW

This position paper assesses the feasibility of private sector operation of service clubs at Naval installations and provides a detailed analysis and recommendations on pursuing such a course at Naval Complex (NC) Orlando, Florida.

In general, we find public-private ventures (PPV) in service clubs to be feasible although that conclusion is tempered by the observation that club operations are more site-specific than some other morale, welfare, and recreation (MWR) activities. At NC Orlando, a PPV is not feasible under current operating conditions – pricing, membership fees, and level of participation. However, with a combination of price increases, increased dues revenues, and an increase in participation it is possible for the private sector to run a profitable operation. We find that the increases necessary to achieve the required contractor profitability are feasible only if no capital improvements are mandated and no significant payments into the nonappropriated fund (NAF) are required. We also find, however, that although the contractor may not be required to contribute to the NAF, the NAF will be relieved of the current $360,000 annual loss from club operations.

BACKGROUND

The Military Services are looking to the private sector as a means to improve the efficiency and quality of their MWR functions and to compensate for the pending loss of appropriated fund support. We are tasked to study the feasibility of an approach in which contractors would have full responsibility for operating the activities in a public-private venture. In return for the profits from the MWR activities, contractors would normally make some initial capital improvements, operate the activities, and make regular payments to the NAF. This portion of the study addresses military officers and enlisted clubs. In this, the first phase, we look at a specific installation to determine whether a PPV is feasible. In the second phase, we evaluate other strategies that may apply at other locations.

For service clubs, the candidate for Phase I is NC Orlando in central Florida. Nearby Disney World ensures keen competition among restaurants and fast-food franchises. Within walking distance of the base there is a wide variety of each to suit

any pocket. Disney World's proximity also raises the area's average salaries for service workers, especially in food service. These factors present the NC Orlando clubs with some stiff challenges when trying to increase club participation while operating at a profit.

The clubs at NC Orlando are used by about 24 percent of their potential market (see Enclosure 1). While some improvement is possible, we cannot expect participation to go much over 30 percent of the potential market in view of the competitive environment in the Orlando area.

NC Orlando has an officers' club, an enlisted club (Club Mariner), and an all-ranks club in an adjacent housing area (Oceans 24). No major expansions or upgrades are currently funded for any of them although projects worth over $750,000 are programmed or backlogged. The following sections address each club in detail.

Officers' Club

Built in 1944, the large, antiquated officer's club facility can anticipate ongoing maintenance problems, and its basic structure is decidedly substandard. Membership has declined steadily and some areas of the club are now seldom used. Since October 1984, the club has lost 13 percent of its membership and currently only 12 percent of the eligible active duty officers and warrant officers are members. Eighty percent of the total members are retirees, but that group is also declining. Most are retired from the Air Force from the period before 1968 when NC Orlando was an Air Force Base. Their numbers are not being replaced by many Navy retirees. This club is the only one that charges membership dues – a modest $8 per month for officers in Grades O-4 and above, retirees, and authorized civilians, and only $3 monthly for junior officers, who are not required to become members.

Club Mariner

The Club Mariner is the enlisted club built in 1973. It is in excellent condition and requires little or no improvements or modification. It has no membership dues and fully 90 percent of the membership is active duty personnel. Service members in Grades E-5 and above have a special lounge, but the majority of the patrons are under 21 years old in Grades E-3 and E 4. The club caters to the tastes of these young trainees, and it operates at near capacity especially on Friday and Saturday nights. However, membership and revenues have fallen off sharply since 1986 when

the drinking age in Florida was raised to 21. Now, a major club expense is the cost of "floorwalkers" hired to prevent illegal consumption of alcohol for which commanders tend to hold the club responsible.

Oceans 24

Although the all-ranks Oceans 24 Club was built in 1956, it is basically sound. An extensive upgrade and expansion has just been completed and no more work is currently needed. It caters to personnel in the 996 housing quarters at the Naval Training Center Annex. It is well used, and its membership, which consists of 40 percent retired and 60 percent active duty personnel, has been stable. A large part of its business comes from private parties, which average 12 per month. Unlike the other two clubs, it is seldom used for official meetings.

Financial Performance

The detailed financial performance of all three clubs is presented in Enclosure 2. Operating statements for fiscal years 1985, 1986, and 1987 are included for each club together with a consolidated statement of income and expenses. Net income has declined each year, and in FY 1987, the club system suffered an 8 percent loss in gross revenues. This loss occurred despite direct and indirect appropriated fund subsidies. The indirect subsidies are provided in the form of rent, some maintenance, and insurance. The central nonappropriated fund also subsidizes the installation by funding most of the employee benefits.

A private contractor will have to conduct a rigorous analysis of this decline and plan a market strategy to recover. The financial statements, for example, reveal some of the reasons for the decline. The 1986 change in the drinking age drove beverage sales down by $700,000, or 31 percent, and food sales by $280,000, or 12 percent. However, in FY 1987, although revenues excluding dues were down $880,000 (18 percent), administrative and general expenses remained roughly the same. Normally those expenses would have been expected to decrease as the club system reacted to the changing market conditions. Moreover, between FY 1985 and 1986 the profitability of Club Mariner decreased 90 percent in spite of a 32 percent increase in revenues. The reason seems to be a 46 percent increase in departmental expenses and a 50 percent increase in administrative and general expenses. Again, these large increases in relation to revenues would not normally be expected.

PRIVATE SECTOR POTENTIAL

The private sector has shown enormous interest in the concept of service club PPVs. Three types of industries are interested – club, restaurant, and cafeteria. This section defines the three types and addresses their advantages and disadvantages for Navy clubs. All segments have a common preference for contracting for a package of more than one base. The industries are set up to take advantage of economies of scale obtainable from regional management, training, and procurement. For now, however, the industries seem willing to consider a pilot contract for one base.

The Club Industry

The club industry manages and sometimes owns country and city clubs. It is a small industry dominated by the Club Corporation of America, which operates about 240 clubs nationwide. A distant second is Club Development, Inc., which is owned by Hyatt Hotels. The only other significant player is the American Golf Corporation, which specializes in golf course management. Among the clubs such companies manage, city clubs are the closest civilian counterparts to Military Service clubs. City clubs are usually managed for a fee by one of the club management companies, which has full responsibility for club operations. The company reports to the owners through a club membership board. City clubs usually operate at a loss, which is recouped through membership dues, usually hundreds or thousands of dollars per year per member.

The club industry is the most sensitive to the club atmosphere, comraderie, and fellowship sought by military service clubs. Although the industry is accustomed to working for a straight fee or a fee tied to revenues, it is flexible enough to consider a profit and loss arrangement more suitable for NAF. In such an arrangement, the company assumes the risks without a management fee and makes a profit only if the club is profitable. With the higher risk, of course, the company would expect higher profits than under a flat management fee.

The Restaurant Industry

This industry is typified by the Marriott Corporation and American Cafe, a subsidiary of W.R. Grace Corporation They both operate restaurants in hotel environments in which the restaurants, meeting rooms, lounges, catering services,

and ambiance approach those of a Military Service club. The companies in this segment have suggested a number of profit-and-loss arrangements that may be suited to Military Service club operations. These arrangements include a net profit percentage based on a sliding scale depending on the amount of the profits. The restaurant industry may see military clubs primarily as restaurants, however, and miss the emphasis on esprit de corps. Moreover, hotel restaurants and meeting rooms usually lose money and are subsidized by room rates.

The Cafeteria Industry

The cafeteria industry seemed the most enthusiastic over the opportunities presented by Military Service clubs. It is the most efficient segment and is typified by companies like GSI; Morrisons, Inc.; and Restaura, Inc. Those companies operate restaurants in corporate buildings, often with separate executive dining rooms and executive coffee service. They also handle contracts with the National Parks Service, running a wide range of restaurants and recreation facilities. They are flexible and operate in a highly competitive environment. Like the restaurant industry, however, they may see Military Service clubs as primarily restaurants. Some of the companies are uncomfortable with profit-and-loss contracts, preferring to manage corporate restaurants, for example, for a management fee under policies set by the owners.

ASSUMPTIONS FOR AN ORLANDO PPV

In looking at the financial and operational feasibility of a PPV for NC Orlando's clubs, we made a number of assumptions.

First, a profit-and-loss contract would be awarded rather than a management fee contract. NAF cannot commit to a fixed annual payment since the clubs may not make sufficient profit to cover it. Under a management fee contract, if the clubs continue to lose money, the NAF would not only have to cover the losses but would also still have to pay the fee. Unlike a major corporation, NAF is not in a position to risk these funds.

The clubs can expect no appropriated fund support under a PPV. No such funding would be used for repair and maintenance of the basic building structures although debate is still on-going as to whether this can still be legally funded by appropriated funds.

Catering services can be offered to military personnel living off base and to the general public. That policy, however, may change. In addition, the PPV contractor will be given an exclusive right to retail food delivery on base, e.g., pizza delivery.

No initial capital improvements will be mandated. The financial condition of the clubs is not strong enough to underwrite a major capital improvement program at the outset, and such a requirement would discourage potential bidders. However, a mandatory capital improvement escrow can be established so that a long-term program would be possible.

Membership dues will still be permitted under a PPV, and they may be raised. The contractor will be permitted to restrict club access to members only except for the luncheon meal and official events.

Amusement commissions will go to the contractor because the private sector would expect revenues from all activities generated within the clubs. Special arrangements would have to be made with the Navy Exchange to permit this. We also assumed bingo would be permitted, possibly with NAF profit participation.

Finally, we assumed that the objective for providing Navy clubs is not simply to provide a restaurant and catering service. Rather, it is to provide a focus for base community life and to foster social ties and esprit de corps.

ECONOMIC FEASIBILITY

To assess the economic feasibility of a PPV for NC Orlando's clubs, financial statements were projected for 5 years. These statements, called pro formas, were developed under our assumptions using typical operating ratios, staffing levels, and other operational statistics used by the club industry for city clubs. They are based on the *Uniform System of Accounts for Clubs* published by the American Hotel and Motel Association.

Enclosure 3 to this paper shows the pro formas under very conservative criteria. Under those pro formas, prices remain the same in relation to civilian market prices, dues remain the same, and membership only increases as the projected base population increases. This scenario was, in fact, the "business as usual" one for future club operations. As the pro formas in Enclosure 3 show, however, this scenario is not financially viable. Losses are always at least 2 percent of gross revenues, and no company would be interested under such conditions. That

mere 2 percent loss under private contract, however, represents an improvement over the 8 percent loss the clubs experienced in FY 1987. It is even more of an improvement in view of the fact that the FY 1987 club losses are understated because of direct and indirect appropriated fund and NAF subsidies.

Under a management fee contract, the fee usually falls between 4 and 6 percent of gross revenues. However, since this PPV would be under a profit-and-loss contract, the contractor would assume the entire financial risk. Therefore, we assumed a contractor would expect profits on the high side – 6 percent of gross revenues. That 6 percent profit, of course, assumes no initial capital investment; if such investment is required, the contractor would expect an additional return based on the amount of that investment. Enclosure 4 shows the pro forma for attaining this 6 percent profit margin in FY 1989 with certain parameters changed. Those parameters – prices, dues, participation, and capital improvement escrow – are discussed below, and the results indicate that a club PPV is just feasible at NC Orlando.

Prices

Meal prices at the NC Orlando clubs are currently far below average market prices. Prices at the Officers' Club are 82 percent of those charged in city clubs in southern states, those at the Club Mariner are 81 percent, and those at Oceans 24 are only 70 percent. The base estimates that meal prices in the local area are 15 to 40 percent higher than on base prices and beverage prices are 50 to 100 percent higher. Thus, increased prices are amply justified.

The unknown factor in raising prices, however, is the effect higher prices will have on demand. An extensive market survey might provide the answer, although such surveys tend to be unreliable. When asked if they are willing to pay higher prices, many respondents say "no" on the assumption that saying "yes" may cause the higher prices. We can assume, however, with such a disparity between civilian and club prices, the demand is inelastic over a short range of price increases. Despite that assumption, such increases must be handled carefully. Many members see low club prices as part of their military or retirement benefits even though the Congress now sees otherwise. Any price increases would have to be handled with a deft public relations program to convey that club membership is still worth the higher prices. It would also help if the members perceived better service or value from a contractor-

operated club. If participation and dues were kept constant, prices would have to be raised 10 percent to produce the 6 percent contractor's profit.

Membership Dues

At a maximum of $8 a month, officers' dues are only a small fraction of their civilian counterparts' dues for comparable city club membership. As clubs in the Military Services begin dealing with the loss of appropriated fund subsidies, their dues are beginning to rise. NC Orlando should be no exception. Moreover, Club Mariner should begin charging membership dues. Both the Army and the Air Force usually require dues from their enlisted members and have not suffered catastrophic losses in membership. Dues could be levied only on personnel in Grades E-4 and above if the installation wishes to exempt trainees. Paid memberships in the Officers' Club or Club Mariner would then also allow access to the Oceans 24 Club. Many of the arguments and the same deft public relations program for price increases would also be needed if a dues increase is imposed.

If prices and participation were held constant, revenue from dues would have to be increased five fold to produce the desired 6 percent contractor's profit. That increase would come from higher Officers' Club dues, and the introduction of Club Mariner dues. That level of increase is probably too high for a military market, and, not surprisingly, we conclude that the club could not be made profitable by raising dues revenue only.

Participation

Because participation is relatively low among the eligible active duty base population, the potential for increased membership is relatively high. With a 24 percent market penetration, the potential also exists to increase the participation of current users. A contractor may have to absorb some initial losses as it brings in better entertainment, changes the decor, and experiments with different menus to realize the potential increases. However, many companies we spoke with emphasized that they were experts at improving participation. They would analyze the market, target the appropriate segment, make their changes, and then advertise extensively.

If prices and dues are kept constant, participation would have to be increased by 45 percent to produce the required profit level. We consider that increase

unlikely in view of the competitive environment of the Orlando area. The clubs cannot be made profitable through increased participation alone.

Escrow for Capital Improvements

Escrow for capital improvement differs from prices, dues, and participation in that it does not directly produce revenue. It is included here as part of the sensitivity analysis because a program of continued capital improvement is considered essential for the long-term well-being of the clubs. The contractor is required to establish an escrow of a certain percentage of gross revenues to be used for capital improvements and major maintenance projects. A 2 percent escrow requirement, for example, would produce $119,000 in the first year. With programmed and backlogged projects of $750,000, that amount seems low. However, profits are extremely sensitive to this requirement so any decision to increase it should be made with caution.

Summary

The discussion of prices, dues, and participation show the increase needed in one area if no increase is imposed in the other two in order to demonstrate the maximum dimensions of the changes to be considered. In reality, the revenue increase would be brought about by a combination of smaller increases in each area. Enclosure 4 shows the required 6 percent profit brought about by just such a combination. The values used are as follows:

Price increase:	6 1/2 percent
Increase in dues revenues:	50 percent
Participation increase:	20 percent
Escrow for improvements:	2 percent

We believe those increases are just achievable under a PPV by increasing revenues without seriously alienating current users. Industry will perceive that a PPV at NC Orlando is feasible, and we expect a satisfactory number of responses to any request for proposals (RFPs) issued. A note of caution, however: this scenario allows no contractor payments into the NAF and requires no mandatory initial capital improvements. However, the elimination of the current $360,000 annual loss and the addition of 2 percent escrow for capital improvements amount to indirect

payments to the NAF. Furthermore, the combination of increases we suggest is not the only one; others may be explored in consultation with the installation.

The fact that the contractor does not guarantee payments to the NAF may come as a disappointment to the installation. However, if a PPV for the clubs can be self-supporting, the installation will avoid direct losses, which in FY 1987, amounted to $360,655. That loss avoidance should be viewed as a financial benefit of a PPV equally as important as payments to NAF.

OPERATIONAL FEASIBILITY

In addition to the economic feasibility of a PPV for the NC Orlando clubs, we must determine whether a contractor can meet the Navy's nonfinancial requirements. The clubs' functions are more than merely restaurants and catering services. They must serve as centers of the installation's community and enhance the esprit de corps, and they must also meet some demands not found in the private sector. In this section, we explore the private sector's ability to meet that part of the requirement.

Two military installations currently have contractor-operated clubs: Naval Station (NS) Bangor in Washington and Vance Air Force Base (AFB) in Oklahoma. Discussions with the contracting offices and club management at those bases revealed no operational problems. In each case, patrons and management were very happy with the contractor's performance. While that satisfaction shows that contractors can operate clubs in a military manner, we must realize that neither of those contracts parallels the type of contract required for a PPV. At both installations, the contractor merely replaces the NAF staff for a management fee. The contractor handles the NAF and appropriated budgets, operates the clubs under NAF regulations, and does not participate in the profits or losses.

Under a PPV contract at NC Orlando, the contractor will assume the risks and have a far greater role in the operations and policies of the clubs. The contractor will have far more control in shaping the character of the clubs. On the other hand, the Navy must ensure that the contractor operates the clubs according to its requirements. Some of the guidelines can be incorporated in a carefully drafted contract. For example, the contractor can be required to abide by the Navy's regulation on entertainment standards to preclude the possibility of undesirable entertainment being brought in. Some compromises must be expected, however, to allow the contractor the flexibility necessary to make business decisions. If the

contract is so restrictive that all management decisions are taken out of the hands of the contractor, the industry will not respond to an RFP. For example, the contractor must have some control over hours of operation and be able to offer other services such as a pizza delivery, particularly if profitability is critical.

Several factors in club operations – club ambiance and entertainment quality, to name two – cannot be quantified. The installation needs a voice in the contractor's decisions in these areas without eliminating the contractor's management authority. A club advisory council is one means of providing this voice. All segments of the industry are used to working with such councils, and no company interviewed foresaw any problems. In fact many welcomed the advice as one means to keep in touch with members' desires. All emphasized the advisory role of the council, however, and cautioned that the council cannot become a management body.

Installations need a contractual mechanism that will encourage a contractor to follow the council's guidance without imposing it. We recommend the award fee contract as that mechanism. The Federal Acquisition Regulations (FAR) permits such contracts and the DoD FAR Supplement (DFARS) encourages them.[1] Thus, such contracts are certainly appropriate under the less stringent requirement of NAF contracting. The award fee is awarded unilaterally by a board on a subjective basis according to criteria that may be periodically changed. A club advisory council is the ideal body to serve as the award fee board, and it can select the criteria from among those factors that are not quantified in the contract. The contractor is under no obligation to follow these criteria, but experience with award fee contracts has shown that a small award provides a large incentive.

The funds for the award would be deducted from any payment the contractor has guaranteed for the NAF. That small loss of NAF income is deemed worth the influence it would give the installation over the character of the clubs. Moreover, the better companies would likely expect their performance to earn the award on a routine basis. They would, therefore, increase their proposed NAF payment guarantee by the amount of the award to give them an edge in the source-selection process. At NC Orlando where any NAF payment is in doubt, the contractor may not

[1]Moore, W.B., and T.L. Neve. *Contracting ror Quality Facilities*. LMI Report AL702R1. Oct 1987.

guarantee any NAF payment and, therefore, no award fee would be granted. The concept could be included in the RFP, however, in case NAF payments are offered.

Another operational concern is how to ensure that a quality contractor is chosen. Each of the three distinct market segments in the private sector has advantages and disadvantages. Ideally, the Navy would like to see the efficiency of the cafeteria segment combined with the club experience of the club segment. The RFP should not be targeted to any one of these segments. Rather, it should be written to encourage adjustments to each segment's normal operating mode without discouraging any from submitting proposals. Most of the companies interviewed realized that Naval clubs exist in a different environment than the ones in which they usually operate. In addition, experience and performance history may be made part of the selection criteria to help ensure that the winner is a quality company no matter what industry segment it comes from.

We believe that under the selection approach discussed in this section, a quality contractor would be able to run the NC Orlando clubs in a manner acceptable to the Navy. Both the contractor and the installation would have to adjust to the new environment of a club PPV contract, but that accommodation is feasible.

THE REQUEST FOR PROPOSALS

The section specifies the elements that should be incorporated in an RFP to operate NC Orlando's clubs.

The contractor will be responsible for the entire operations and maintenance of all facilities and equipment for the three NC Orlando clubs, including purchasing, staffing, and pricing.

No initial capital improvements will be required. The profit potential from the clubs is not high enough to support the debt services for such investments.

The contract term will be 8 years with one 5-year option. These are normal terms for profit-and-loss contracts with no initial capital improvements.

During Years 3, 4, and 5 of the contract, the contractor will be able to terminate the contract on 180-day notice. This type of termination clause is common in some segments of the industry and it will alleviate some of the contractor's risk. Lower risk should translate into better offers from the proposers. At the same time,

however, the risk to the Government is only marginally increased. A contract termination notice of 6 months will provide enough time to award another.

Current employees will be given the right of first refusal for the new jobs under the contractor. No employees will be arbitrarily dismissed for up to 120 days after contract award.

An escrow of 2 percent of gross revenues will be set aside for a capital improvement program over the life of the contract. Capital improvements proposed by the contractor will require approval from the installation.

Although little, if any, direct payment to NAF is thought possible, provisions will still be made for it in the RFP. Proposers will be allowed to offer regular NAF payments in the form of a guaranteed minimum against a percentage of gross revenues. This percentage may be fixed or sliding.

An award fee, managed by the clubs advisory council, will be offered. It will be in the range of 10 percent of any NAF payments to a maximum of $25,000 per year.

The contractor will be allowed to expand revenue generation by adding ancillary services such as exclusive rights to pizza delivery on base and pizza delivery and catering services off base. Permission for such ancillary services will not be unreasonably withheld.

The contractor will be required to abide by installation regulations and policies such as security and vehicle registration, and by some NAF policies such as entertainment standards.

GENERAL IMPLICATIONS FOR CLUB PPVs

Based on our study of NC Orlando and our contact with the club industry, we have drawn several conclusions on club PPVs in general.

First, the probability of success is more site-dependent than other PPV functions we have studied. The size and mix of the market, the degree of outside competition, and the size and condition of the facilities can determine the success or failure of a Military Service club.

Second, the installation needs to be as flexible as possible in allowing ancillary services such as bingo, pizza delivery, and catering. Clubs are not a high profit margin business and revenue from these ancillary services may be crucial.

Third, club PPVs are good candidates for regional packaging. The industry operates this way both in terms of management and food and supply purchasing. Since success depends so heavily on site-specific factors, regional packages may be necessary to get industry to take on some unfavorable locations.

Finally, it is imperative to determine whether appropriated funds may be legally used for some of the basic repairs and maintenance to NAF facilities. If so, the cost avoidance for the contractor may mean the difference between profit and loss.

Enclosure 1

CURRENT CLUB PARTICIPATION

This enclosure estimates the percentage of participation of currently authorized users of NC Orlando's Military Service clubs. This estimate could not be based on memberships since only the Officers' club requires them. Moreover, officers can be members without actually using club services. For those reasons, an estimate is based on meal counts for the clubs' evening meals.

The first step is to estimate the size of the potential market. In this case the potential market is defined as the number of evening meals taken in restaurants by authorized club users. To determine the number of those authorized users, we look to the NC Orlando's master plan for FY 87 which shows installation strength as follows:

Officers	854	(Current figure is 945)
Enlisted	3,148	(Excluding students)
Civilians	2,098	
NAF	716	
Contractors	422	
Total	7,238	

In addition to these authorized users, 25,000 military retirees and their dependents live in the area. We assume that of those, 15,000 are retirees, the rest being the dependents.

The figures must be adjusted to avoid double counting. Many of the civilian employees are also dependents, and some retirees are also civilan employees.

Officers	945	(Using current figure)
Enlisted	3,148	
Civilians	1,399	(Assume 33% are also dependents)
NAF	477	(Assume 33% are also dependents)
Contractors	422	
Retirees	13,500	(Assume 10% are also civilian employees)
Total	19,891	

The total of 19,891 represents the number of authorized users available to take their families to restaurants for evening meals. Assuming these personnel average two evening meals out per month with an average of two people per meal, the potential market is as follows:

$$19{,}891 \times 2 \times 2 = 79{,}564 \text{ meals per month.}$$

The actual evening meal count at NC Orlando's clubs is 19,470, or 24 percent of the potential market.

Enclosure 2

HISTORICAL CONSOLIDATED OPERATING RESULTS FOR THREE NAVY CLUBS SERVING NAVAL COMPLEX
YEARS ENDING SEPTEMBER 30, 1985 THROUGH 1987

	1985		1986		1987	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Revenues - Except Dues						
Food	$1,950,279	44.1%	$2,324,765	43.7%	$2,046,260	45.5%
Beverage	1,825,211	41.3%	2,243,242	42.1%	1,550,276	34.5%
Sundries	108,451	2.5%	137,706	2.6%	125,277	2.8%
Programs	219,122	5.0%	295,947	5.6%	424,929	9.5%
Golf Food and Beverage	0	0.0%	25,967	0.5%	0	0.0%
Other Resales	21,447	0.5%	8,937	0.2%	5,965	0.1%
	4,[illegible] 510	93.3%	5,036,564	94.6%	4,152,707	92.4%
Other Income (General):						
Grants	0	0.0%	2,600	0.0%	0	0.0%
APF Reimbursement	108,782	2.5%	40,187	0.8%	38,236	0.9%
CPS Profits	74,109	1.7%	126,423	2.4%	175,767	3.9%
Other Unidentified	1,802	0.0%	1,947	0.0%	1,282	0.0%
Amusement Commisions	98,299	2.2%	93,235	1.8%	102,898	2.3%
Cash Over	6,592	0.1%	11,831	0.2%	10,285	0.2%
Gain on Disposal	685	0.0%	863	0.0%	0	0.0%
Misc. Income	6,465	0.1%	6,864	0.1%	6,675	0.1%
Central Stores-Overage	0	0.0%	2,918	0.1%	5,217	0.1%
Vending Commissions	0	0.0%	118	0.0%	99	0.0%
Prior FY Income Adj.	1,768	0.0%	0	0.0%	0	0.0%
Total Other Income	298,502	6.7%	286,986	5.4%	340,459	7.6%
Total Revenues	4,423,012	100.0%	5,323,550	100.0%	4,493,166	100.0%
Departmental Expenses						
Food	1,774,859	91.0%	2,208,042	95.0%	2,024,305	98.9%
Beverage	981,401	53.8%	1,305,219	58.2%	922,194	59.5%
Sundries	110,909	102.3%	147,809	107.3%	127,661	101.9%
Programs	149,076	68.0%	190,915	64.5%	305,713	71.9%
Golf Food and Beverage	0	0.0%	7,490	28.8%	0	0.0%
Other Resales	30,502	142.2%	13,021	145.7%	16,760	281.0%
Total Departmental Expenses	3,046,747	68.9%	3,872,496	72.7%	3,396,633	75.6%
Total Operating Income	1,376,265	31.1%	1,451,054	27.3%	1,096,533	24.4%
Undistributed Expenses						
Administrative and General	1,242,118	28.1%	1,568,523	29.5%	1,564,980	34.8%
Net Income from Operations	134,147	3.0%	(117,469)	-2.2%	(468,447)	-10.4%
Membership Dues	187,989	4.3%	152,696	2.9%	107,792	2.4%
Net Income Before Fixed Charges	322,136	7.3%	35,227	0.7%	(360,655)	-8.0%

HISTORICAL CONSOLIDATED OPERATING RESULTS FOR THREE NAVY CLUBS SERVING NAVAL COMPLEX
YEARS ENDING SEPTEMBER 30, 1985 THROUGH 1987

ANALYSIS OF DEPARTMENTAL AND GENERAL AND ADMINISTRATIVE EXPENSES

	1985		1986		1987	
Food	Amount	Ratio	Amount	Ratio	Amount	Ratio
Cost of Goods Sold	923,082	52.0%	1,032,843	46.8%	966,153	47.7%
Salaries, Wages and Benefits	697,157	39.3%	1,017,892	46.1%	901,012	44.5%
Repairs and Maintenance	7,704	0.4%	4,981	0.2%	5,063	0.3%
Supplies	113,865	6.4%	134,031	6.1%	124,73[illegible]	6.2%
Other	33,051	1.9%	18,295	0.8%	27,346	1.4%
Total	1,774,859	100.0%	2,208,042	100.0%	2,024,305	100.0%
Beverage	Amount	Ratio	Amount	Ratio	Amount	Ratio
Cost of Goods Sold	465,109	47.4%	643,273	49.3%	403,700	43.8%
Salaries, Wages and Benefits	450,818	45.9%	599,210	45.9%	471,626	51.1%
Repairs and Maintenance	5,931	0.6%	2,088	0.2%	3,977	0.4%
Supplies	56,985	5.8%	57,034	4.4%	39,626	4.3%
Other	2,558	0.3%	3,614	0.3%	3,265	0.4%
Total	981,401	100.0%	1,305,219	100.0%	922,194	100.0%
Sundries	Amount	Ratio	Amount	Ratio	Amount	Ratio
Salaries, wages and benefits	29,649	26.7%	46,901	31.7%	46,750	36.6%
Cost of Goods Sold	80,836	72.9%	107,420	72.7%	80,911	63.4%
Supplies	92	0.1%	(7,116)	-4.8%	0	0.0%
Other	332	0.3%	604	0.4%	0	0.0%
Total	110,909	100.0%	147,809	100.0%	127,661	100.0%
Golf Food and Beverage	Amount	Ratio	Amount	Ratio	Amount	Ratio
Cost of Goods Sold	0	0.0%	6,609	88.2%	0	0.0%
Supplies	0	0.0%	606	8.1%	0	0.0%
Advertising and Promotion	0	0.0%	275	3.7%	0	0.0%
Total	0	0.0%	7,490	100.0%	0	0.0%
Programs	Amount	Ratio	Amount	Ratio	Amount	Ratio
Salaries, Wages and Benefits	17,835	12.0%	11,065	5.8%	8,182	2.7%
Supplies	9,815	6.6%	10,309	5.4%	10,792	3.5%
Awards and Prizes	118,086	79.2%	167,420	87.7%	285,480	93.4%
Other	3,340	2.2%	2,121	1.1%	1,259	0.4%
Total	149,076	100.0%	190,915	100.0%	305,713	100.0%

HISTORICAL CONSOLIDATED OPERATING RESULTS FOR THREE NAVY CLUBS SERVING NAVAL COMPLEX
YEARS ENDING SEPTEMBER 30, 1985 THROUGH 1987

ANALYSIS OF DEPARTMENTAL AND GENERAL AND ADMINISTRATIVE EXPENSES (CONTINUED)

	1985		1986		1987	
Other Resale	**Amount**	**Ratio**	**Amount**	**Ratio**	**Amount**	**Ratio**
Cost of Goods Sold	1,331	4.4%	1,647	12.6%	1,790	10.7%
Salaries, Wages, and Benefits	28,278	92.7%	10,922	83.9%	14,869	88.7%
Supplies and Delivery	325	1.1%	345	2.6%	0	0.0%
Advertising and Promotion	332	1.1%	95	0.7%	101	0.6%
Miscellaneous	236	0.8%	12	0.1%	0	0.0%
Total	30,502	100.0%	13,021	100.0%	16,760	100.0%

General and Administrative	**Amount**	**Ratio**	**Amount**	**Ratio**	**Amount**	**Ratio**
Salaries, Wages and Benefits	565,436	45.5%	628,060	40.0%	710,125	45.4%
Utilities	63,618	5.1%	69,505	4.4%	60,443	3.9%
Rentals	6,005	0.5%	12,481	0.8%	12,291	0.8%
Postage and Telephone	5,729	0.5%	6,300	0.4%	5,359	0.3%
Repairs and Maintenance	64,031	5.2%	77,865	5.0%	65,694	4.2%
Supplies	53,840	4.3%	83,884	5.3%	67,807	4.3%
Laundry	1,858	0.1%	7,865	0.5%	9,125	0.6%
Travel	8,072	0.6%	9,350	0.6%	6,462	0.4%
Delivery	811	0.1%	2,218	0.1%	311	0.0%
Common Support Service	113,178	9.1%	185,336	11.8%	157,699	10.1%
Depreciation	85,868	6.9%	128,212	8.2%	132,175	8.4%
Advertising and Promotion	32,451	2.6%	33,905	2.2%	35,906	2.3%
Meetings and Subscriptions	335	0.0%	620	0.0%	872	0.1%
Meetings and Conferences	2,203	0.2%	1,565	0.1%	2,434	0.2%
Credit Card Fees	0	0.0%	5,529	0.4%	3,715	0.2%
Awards and Prizes	10,338	0.8%	915	0.1%	39	0.0%
Entertainment	209,085	16.8%	280,075	17.9%	254,504	16.3%
Central Stores Shortage	2,822	0.2%	7,344	0.5%	3,602	0.2%
Miscellaneous and Other	16,438	1.3%	27,494	1.8%	36,417	2.3%
Total	1,242,118	100.0%	1,568,523	100.0%	1,564,980	100.0%

HISTORICAL OPERATING RESULTS FOR FISCAL YEAR ENDING SEPTEMBER 30,1985

	OFFICERS' CLUB		MARINERS' CLUB		OCEANS 24 CLUB		TOTAL	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Revenues - Except Dues								
Food	$488,586	60.5%	$973,744	38.5%	$487,949	44.9%	$1,950,279	44.1%
Beverage	174,675	21.6%	1,296,784	51.3%	353,752	32.5%	1,825,211	41.3%
Sundries	5,943	0.7%	83,988	3.3%	18,520	1.7%	108,451	2.5%
Programs	35,048	4.3%	26,532	1.0%	157,542	14.5%	219,122	5.0%
Golf Food and Beverage	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Other Resales	0	0.0%	21,447	0.8%	0	0.0%	21,447	0.5%
	704,252	87.2%	2,402,495	95.0%	1,017,763	93.6%	4,124,510	93.3%
Other Income (General):								
Grants	0	0.0%	0	0.0%	0	0.0%	0	0.0%
APF Reimbursement	72,666	9.0%	0	0.0%	36,116	3.3%	108,782	2.5%
CPS Profits	25,312	3.1%	23,064	0.9%	25,733	2.4%	74,109	1.7%
Other Unidentified	20	0.0%	1,105	0.0%	677	0.1%	1,802	0.0%
Amusement Commisions	289	0.0%	94,122	3.7%	3,888	0.4%	98,299	2.2%
Cash Over	373	0.0%	5,443	0.2%	776	0.1%	6,592	0.1%
Gain on Disposal	100	0.0%	329	0.0%	256	0.0%	685	0.0%
Misc. Income	4,506	0.6%	1,728	0.1%	231	0.0%	6,465	0.1%
Central Stores-Overage	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Vending Commissions	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Prior FY Income Adj.	0	0.0%	0	0.0%	1,768	0.2%	1,768	0.0%
Total Other Income	103,266	12.8%	125,791	5.0%	69,445	6.4%	298,502	6.7%
Total Revenues	807,518	100.0%	2,528,286	100.0%	1,087,208	100.0%	4,423,012	100.0%
Departmental Expenses								
Food	507,664	103.9%	813,113	83.5%	454,082	93.1%	1,774,859	91.0%
Beverage	107,929	61.8%	686,779	53.0%	186,693	52.8%	981,401	53.8%
Sundries	11,885	200.0%	80,453	95.8%	18,571	100.3%	110,909	102.3%
Programs	31,056	88.6%	19,042	71.8%	98,978	62.8%	149,076	68.0%
Golf Food and Beverage	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Other Resales	0	0.0%	30,502	142.2%	0	0.0%	30,502	142.2%
Total Departmental Expenses	658,534	81.6%	1,629,889	64.5%	758,324	69.7%	3,046,747	68.9%
Total Operating Income	148,984	18.4%	898,397	35.5%	328,884	30.3%	1,376,265	31.1%
Undistributed Expenses								
Administrative and General	339,436	42.0%	616,218	24.4%	286,464	26.3%	1,242,118	28.1%
Net Income from Operations	(190,452)	-23.6%	282,179	11.2%	42,420	3.9%	134,147	3.0%
Membership Dues	187,989	23.3%	0	0.0%	0	0.0%	187,989	4.3%
Net Income Before Fixed Charges	(2,463)	-0.3%	282,179	11.2%	42,420	3.9%	322,136	7.3%

HISTORICAL OPERATING RESULTS FOR FISCAL YEAR ENDING SEPTEMBER 30, 1986

	OFFICERS' CLUB		MARINERS' CLUB		OCEANS 24 CLUB		TOTAL	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Revenues - Except Dues								
Food	$398,266	57.3%	$1,296,996	38.9%	$629,503	48.5%	$2,324,765	43.7%
Beverage	161,678	23.3%	1,677,919	50.4%	403,645	31.1%	2,243,242	42.1%
Sundries	6,338	0.9%	110,615	3.3%	20,753	1.6%	137,706	2.6%
Programs	23,910	3.4%	82,126	2.5%	189,911	14.6%	295,947	5.6%
Golf Food and Beverage	25,967	3.7%	0	0.0%	0	0.0%	25,967	0.5%
Other Resales	0	0.0%	8,937	0.3%	0	0.0%	8,937	0.2%
	616,159	88.6%	3,176,593	95.4%	1,243,812	95.8%	5,036,564	94.6%
Other Income (General):								
Grants	2,600	0.4%	0	0.0%	0	0.0%	2,600	0.0%
APF Reimbursement	32,276	4.6%	0	0.0%	7,911	0.6%	40,187	0.8%
CPS Profits	37,450	5.4%	51,523	1.5%	37,450	2.9%	126,423	2.4%
Other Unidentified	14	0.0%	755	0.0%	1,178	0.1%	1,947	0.0%
Amusement Commisions	586	0.1%	86,136	2.6%	6,513	0.5%	93,235	1.8%
Cash Over	901	0.1%	9,618	0.3%	1,312	0.1%	11,831	0.2%
Gain on Disposal	442	0.1%	421	0.0%	0	0.0%	863	0.0%
Misc. Income	4,759	0.7%	1,868	0.1%	237	0.0%	6,864	0.1%
Central Stores-Overage	0	0.0%	2,918	0.1%	0	0.0%	2,918	0.1%
Vending Commissions	0	0.0%	118	0.0%	0	0.0%	118	0.0%
Prior FY Income Adj.	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total Other Income	79,028	11.4%	153,357	4.6%	54,601	4.2%	286,986	5.4%
Total Revenues	695,187	100.0%	3,329,950	100.0%	1,298,413	100.0%	5,323,550	100.0%
Departmental Expenses								
Food	406,960	102.2%	1,213,328	93.5%	587,754	93.4%	2,208,042	95.0%
Beverage	108,422	67.1%	978,947	58.3%	217,850	54.0%	1,305,219	58.2%
Sundries	2,618	41.3%	128,311	116.0%	16,880	81.3%	147,809	107.3%
Programs	25,102	105.0%	50,839	61.9%	114,974	60.5%	190,915	64.5%
Golf Food and Beverage	7,490	28.8%	0	0.0%	0	0.0%	7,490	28.8%
Other Resales	0	0.0%	13,021	145.7%	0	0.0%	13,021	145.7%
Total Departmental Expenses	550,592	79.2%	2,384,446	71.6%	937,458	72.2%	3,872,496	72.7%
Total Operating Income	144,595	20.8%	945,504	28.4%	360,955	27.8%	1,451,054	27.3%
Undistributed Expenses								
Administrative and General	340,409	49.0%	920,552	27.6%	307,562	23.7%	1,568,523	29.5%
Net Income from Operations	(195,814)	-28.2%	24,952	0.7%	53,393	4.1%	(117,469)	-2.2%
Membership Dues	152,696	22.0%	0	0.0%	0	0.0%	152,696	2.9%
Net Income Before Fixed Charges	($43,118)	-6.2%	$24,952	0.7%	$53,393	4.1%	$35,227	0.7%

HISTORICAL OPERATING RESULTS FOR FISCAL YEAR ENDING SEPTEMBER 30, 1987

	OFFICERS' CLUB		MARINERS' CLUB		OCEANS 24 CLUB		TOTAL	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Revenues - Except Dues								
Food	$437,453	60.0%	$1,009,516	41.6%	$599,291	44.8%	$2,046,260	45.5%
Beverage	169,973	23.3%	1,034,328	42.6%	345,975	25.9%	1,550,276	34.5%
Sundries	525	0.1%	107,184	4.4%	17,568	1.3%	125,277	2.8%
Programs	24,268	3.3%	93,430	3.9%	307,231	23.0%	424,929	9.5%
Golf Food and Beverage	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Other Resales	0	0.0%	5,965	0.2%	0	0.0%	5,965	0.1%
	632,219	86.7%	2,250,423	92.7%	1,270,065	95.0%	4,152,707	92.4%
Other Income (General):								
Grants	0	0.0%	0	0.0%	0	0.0%	0	0.0%
APF Reimbursement	35,736	4.9%	0	0.0%	2,500	0.2%	38,236	0.9%
CPS Profits	58,667	8.0%	58,667	2.4%	58,433	4.4%	175,767	3.9%
Other Unidentified	24	0.0%	535	0.0%	723	0.1%	1,282	0.0%
Amusement Commisions	174	0.0%	98,556	4.1%	4,168	0.3%	102,898	2.3%
Cash Over	1,539	0.2%	7,535	0.3%	1,211	0.1%	10,285	0.2%
Gain on Disposal	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Misc. Income	1,228	0.2%	5,375	0.2%	72	0.0%	6,675	0.1%
Central Stores-Overage	0	0.0%	5,217	0.2%	0	0.0%	5,217	0.1%
Vending Commissions	0	0.0%	99	0.0%	0	0.0%	99	0.0%
Prior FY Income Adj.	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total Other Income	97,368	13.3%	175,984	7.3%	67,107	5.0%	340,459	7.6%
Total Revenues	729,587	100.0%	2,426,407	100.0%	1,337,172	100.0%	4,493,166	100.0%
Departmental Expenses								
Food	454,358	103.9%	1,015,987	100.6%	553,960	92.4%	2,024,305	98.9%
Beverage	88,430	52.0%	638,330	61.7%	195,434	56.5%	922,194	59.5%
Sundries	333	63.4%	113,910	106.3%	13,418	76.4%	127,661	101.9%
Programs	23,674	97.6%	41,388	44.3%	240,651	78.3%	305,713	71.9%
Golf Food and Beverage	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Other Resales	0	0.0%	16,760	281.0%	0	0.0%	16,760	281.0%
Total Departmental Expenses	566,795	77.7%	1,826,375	75.3%	1,003,463	75.0%	3,396,633	75.6%
Total Operating Income	162,792	22.3%	600,032	24.7%	333,709	25.0%	1,096,533	24.4%
Undistributed Expenses								
Administrative and General	346,226	47.5%	872,253	35.9%	346,501	25.9%	1,564,980	34.8%
Net Income from Operations	(183,434)	-25.1%	(272,221)	-11.2%	(12,792)	-1.0%	(468,447)	-10.4%
Membership Dues	107,792	14.8%	0	0.0%	0	0.0%	107,792	2.4%
Net Income Before Fixed Charges	($75,642)	-10.4%	($272,221)	-11.2%	($12,792)	-1.0%	($360,655)	-8.0%

CONSOLIDATED STATEMENT OF ESTIMATED ANNUAL OPERATING RESULTS FOR 3 NAVY CLUBS SERVING NAVAL COMPLEX ORLANDO - FISCAL YEARS 1989-1993

	1989		1990		1991		1992		1993	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Revenues - Except Dues										
Food	$2,270,000	47.9%	$2,408,000	47.8%	$2,555,000	47.7%	$2,710,000	47.7%	$2,832,000	47.7%
Beverage	1,730,000	36.5%	1,844,000	36.6%	1,966,000	36.7%	2,096,000	36.9%	2,189,000	36.8%
Minor Operated Departments	615,000	13.0%	651,000	12.9%	688,000	12.9%	727,000	12.8%	760,000	12.8%
Amusement Commissions	116,000	2.4%	125,000	2.5%	134,000	2.5%	144,000	2.5%	150,000	2.5%
Other Income	9,000	0.2%	9,000	0.2%	10,000	0.2%	10,000	0.2%	11,000	0.2%
Total Revenues	4,740,000	100.0%	5,037,000	100.0%	5,353,000	100.0%	5,687,000	100.0%	5,942,000	100.0%
Departmental Expenses (1)										
Food and Beverage	2,963,000	74.1%	3,135,000	73.7%	3,317,000	73.4%	3,506,000	73.0%	3,664,000	73.0%
Minor Operated Departments	477,000	77.6%	504,000	77.4%	533,000	77.5%	563,000	77.4%	588,000	77.4%
Total Departmental Expenses	3,440,000	72.6%	3,639,000	72.2%	3,850,000	71.9%	4,069,000	71.5%	4,252,000	71.6%
Net Departmental Income	1,300,000	27.4%	1,398,000	27.8%	1,503,000	28.1%	1,618,000	28.5%	1,690,000	28.4%
Undistributed Expenses										
Entertainment - Net	95,000	2.0%	100,000	2.0%	107,000	2.0%	114,000	2.0%	118,000	2.0%
Administrative and General	1,090,000	23.0%	1,159,000	23.0%	1,231,000	23.0%	1,307,000	23.0%	1,368,000	23.0%
Heat, Light, and Power	245,000	5.2%	256,000	5.1%	266,000	5.0%	280,000	4.9%	292,000	4.9%
Repairs and Maintenance	144,000	3.0%	149,000	3.0%	156,000	2.9%	163,000	2.9%	171,000	2.9%
Total Undistributed Expenses	1,574,000	33.2%	1,664,000	33.0%	1,760,000	32.9%	1,864,000	32.8%	1,949,000	32.8%
Net Income From Operations	(274,000)	-5.8%	(266,000)	-5.3%	(257,000)	-4.8%	(246,000)	-4.3%	(259,000)	-4.4%
Membership Dues	118,000	2.5%	123,000	2.4%	129,000	2.4%	135,000	2.4%	141,000	2.4%
Net Income Before Fixed Charges (2)	(156,000)	-3.3%	(143,000)	-2.8%	(128,000)	-2.4%	(111,000)	-2.0%	(118,000)	-2.0%

Notes: (1) Each departmental expense ratio is based on the department's estimated revenue.
(2) Net income before other fixed charges, such as rent, property taxes, insurance, interest, amortization, depreciation, and income taxes.
(3) Totals may not add because of rounding.

Source: Pannell Kerr Forster

ESTIMATED SUMMARY OPERATING RESULTS FOR FISCAL YEAR ENDED SEPTEMBER 30, 1989

	OFFICERS' CLUB		MARINERS' CLUB		OCEANS 24 CLUB		TOTAL	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Revenues - Except Dues								
Food	$477,000	69.0%	$1,139,000	42.9%	$654,000	47.0%	$2,270,000	47.9%
Beverage	186,000	26.9%	1,166,000	43.9%	378,000	27.2%	1,730,000	36.5%
Minor Operated Departments	27,000	3.9%	233,000	8.8%	355,000	25.5%	615,000	13.0%
Amusement Commissions	0	0.0%	112,000	4.2%	4,000	0.3%	116,000	2.4%
Other Income	1,000	0.1%	7,000	0.3%	1,000	0.1%	9,000	0.2%
Total Revenues	691,000	100.0%	2,657,000	100.0%	1,392,000	100.0%	4,740,000	100.0%
Departmental Expenses (1)								
Food and Beverage	531,000	80.1%	1,692,000	73.4%	740,000	71.7%	2,963,000	74.1%
Minor Operated Departments	26,000	96.8%	173,000	74.1%	278,000	78.2%	477,000	77.6%
Total Departmental Expenses	557,000	80.6%	1,865,000	70.2%	1,018,000	73.1%	3,440,000	72.6%
Net Departmental Income	134,000	19.4%	792,000	29.8%	374,000	26.9%	1,300,000	27.4%
Undistributed Expenses								
Entertainment - Net	14,000	2.0%	53,000	2.0%	28,000	2.0%	95,000	2.0%
Administrative and General	159,000	23.0%	611,000	23.0%	320,000	23.0%	1,090,000	23.0%
Heat, Light, and Power	63,000	9.1%	113,000	4.3%	69,000	5.0%	245,000	5.2%
Repairs and Maintenance	19,000	2.7%	93,000	3.5%	32,000	2.3%	144,000	3.0%
Total Undistributed Expenses	255,000	36.9%	870,000	32.8%	449,000	32.3%	1,574,000	33.2%
Net Income From Operations	(121,000)	-17.5%	(78,000)	-2.9%	(75,000)	-5.4%	(274,000)	-5.8%
Membership Dues	118,000	17.1%	0	0.0%	0	0.0%	118,000	2.5%
Net Income Before Fixed Charges (2)	(3,000)	-0.4%	(78,000)	-2.9%	(75,000)	-5.4%	(156,000)	-3.3%

Notes: (1) Each departmental expense ratio is based on the department's estimated revenue, and does not add to the total departmental expense ratio.
(2) Net income before other fixed charges such as rent, property taxes, insurance, interest, amortization, depreciation, and income taxes.
(3) Totals may not add because of rounding.

Source: Pannell Kerr Forster

ESTIMATED SUMMARY OPERATING RESULTS FOR FISCAL YEAR ENDED SEPTEMBER 30, 1990

	OFFICERS' CLUB		MARINERS' CLUB		OCEANS 24 CLUB		TOTAL	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Revenues - Except Dues								
Food	$499,000	69.0%	$1,226,000	42.9%	$683,000	46.9%	$2,408,000	47.8%
Beverage	194,000	26.8%	1,255,000	43.9%	395,000	27.1%	1,844,000	36.6%
Minor Operated Departments	29,000	4.0%	251,000	8.8%	371,000	25.5%	651,000	12.9%
Amusement Commissions	0	0.0%	120,000	4.2%	5,000	0.3%	125,000	2.5%
Other Income	1,000	0.1%	7,000	0.2%	1,000	0.1%	9,000	0.2%
Total Revenues	723,000	100.0%	2,859,000	100.0%	1,455,000	100.0%	5,037,000	100.0%
Departmental Expenses (1)								
Food and Beverage	556,000	80.2%	1,806,000	72.8%	773,000	71.7%	3,135,000	73.7%
Minor Operated Departments	28,000	96.8%	186,000	74.1%	290,000	78.2%	504,000	77.4%
Total Departmental Expenses	584,000	80.8%	1,992,000	69.7%	1,063,000	73.1%	3,639,000	72.2%
Net Departmental Income	139,000	19.2%	867,000	30.3%	392,000	26.9%	1,398,000	27.8%
Undistributed Expenses								
Entertainment - Net	14,000	2.0%	57,000	2.0%	29,000	2.0%	100,000	2.0%
Administrative and General	166,000	23.0%	658,000	23.0%	335,000	23.0%	1,159,000	23.0%
Heat, Light, and Power	66,000	9.1%	118,000	4.1%	72,000	4.9%	256,000	5.1%
Repairs and Maintenance	19,000	2.6%	97,000	3.4%	33,000	2.3%	149,000	3.0%
Total Undistributed Expenses	265,000	36.8%	930,000	32.5%	469,000	32.2%	1,664,000	33.0%
Net Income From Operations	(126,000)	-17.4%	(63,000)	-2.2%	(77,000)	-5.3%	(266,000)	-5.3%
Membership Dues	123,000	17.0%	0	0.0%	0	0.0%	123,000	2.4%
Net Income Before Fixed Charges (2)	(3,000)	-0.4%	(63,000)	-2.2%	(77,000)	-5.3%	(143,000)	-2.8%

Notes: (1) Each departmental expense ratio is based on the department's estimated revenue, and does not add to the total departmental expense ratio.
(2) Net income before other fixed charges, such as rent, property taxes, insurance, interest, amortization, depreciation, and income taxes.
(3) Totals may not add because of rounding.

Source: Pannell Kerr Forster

ESTIMATED SUMMARY OPERATING RESULTS FOR FISCAL YEAR ENDED SEPTEMBER 30, 1991

	OFFICERS' CLUB		MARINERS' CLUB		OCEANS 24 CLUB		TOTAL	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Revenues - Except Dues								
Food	$521,000	69.0%	$1,320,000	42.9%	$714,000	47.0%	$2,555,000	47.7%
Beverage	203,000	26.9%	1,351,000	43.9%	412,000	27.1%	1,966,000	36.7%
Minor Operated Departments	30,000	4.0%	271,000	8.8%	387,000	25.5%	688,000	12.9%
Amusement Commissions	0	0.0%	129,000	4.2%	5,000	0.3%	134,000	2.5%
Other Income	1,000	0.1%	8,000	0.3%	1,000	0.1%	10,000	0.2%
Total Revenues	755,000	100.0%	3,079,000	100.0%	1,519,000	100.0%	5,353,000	100.0%
Departmental Expenses (1)								
Food and Beverage	581,000	80.2%	1,929,000	72.2%	807,000	71.7%	3,317,000	73.4%
Minor Operated Departments	29,000	96.8%	201,000	74.1%	303,000	78.2%	533,000	77.5%
Total Departmental Expenses	610,000	80.8%	2,130,000	69.2%	1,110,000	73.1%	3,850,000	71.9%
Net Departmental Income	145,000	19.2%	949,000	30.8%	409,000	26.9%	1,503,000	28.1%
Undistributed Expenses								
Entertainment - Net	15,000	2.0%	62,000	2.0%	30,000	2.0%	107,000	2.0%
Administrative and General	174,000	23.0%	708,000	23.0%	349,000	23.0%	1,231,000	23.0%
Heat, Light, and Power	68,000	9.0%	123,000	4.0%	75,000	4.9%	266,000	5.0%
Repairs and Maintenance	20,000	2.6%	101,000	3.3%	35,000	2.3%	156,000	2.9%
Total Undistributed Expenses	277,000	36.7%	994,000	32.3%	489,000	32.2%	1,760,000	32.9%
Net Income From Operations	(132,000)	-17.5%	(45,000)	-1.5%	(80,000)	-5.3%	(257,000)	-4.8%
Membership Dues	129,000	17.1%	0	0.0%	0	0.0%	129,000	2.4%
Net Income Before Fixed Charges (2)	(3,000)	-0.4%	(45,000)	-1.5%	(80,000)	-5.3%	(128,000)	-2.4%

Notes: (1) Each departmental expense ratio is based on the department's estimated revenue, and does not add to the total departmental expense ratio.
(2) Net income before other fixed charges, such as rent, property taxes, insurance, interest, amortization, depreciation, and income taxes.
(3) Totals may not add because of rounding.

Source: Pannell Kerr Forster

ESTIMATED SUMMARY OPERATING RESULTS FOR FISCAL YEAR ENDED SEPTEMBER 30, 1992

	OFFICERS' CLUB		MARINERS' CLUB		OCEANS 24 CLUB		TOTAL	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Revenues - Except Dues								
Food	$545,000	69.1%	$1,419,000	42.9%	$746,000	47.0%	$2,710,000	47.7%
Beverage	212,000	26.9%	1,453,000	43.9%	431,000	27.1%	2,096,000	36.9%
Minor Operated Departments	31,000	3.9%	291,000	8.8%	405,000	25.5%	727,000	12.8%
Amusement Commissions	0	0.0%	139,000	4.2%	5,000	0.3%	144,000	2.5%
Other Income	1,000	0.1%	8,000	0.2%	1,000	0.1%	10,000	0.2%
Total Revenues	789,000	100.0%	3,310,000	100.0%	1,588,000	100.0%	5,687,000	100.0%
Departmental Expenses (1)								
Food and Beverage	608,000	80.3%	2,055,000	71.6%	843,000	71.6%	3,506,000	73.0%
Minor Operated Departments	30,000	96.8%	216,000	74.1%	317,000	78.2%	563,000	77.4%
Total Departmental Expenses	638,000	80.9%	2,271,000	68.6%	1,160,000	73.0%	4,069,000	71.5%
Net Departmental Income	151,000	19.1%	1,039,000	31.4%	428,000	27.0%	1,618,000	28.5%
Undistributed Expenses								
Entertainment - Net	16,000	2.0%	66,000	2.0%	32,000	2.0%	114,000	2.0%
Administrative and General	181,000	23.0%	761,000	23.0%	365,000	23.0%	1,307,000	23.0%
Heat, Light, and Power	72,000	9.1%	129,000	3.9%	79,000	5.0%	280,000	4.9%
Repairs and Maintenance	21,000	2.7%	106,000	3.2%	36,000	2.3%	163,000	2.9%
Total Undistributed Expenses	290,000	36.8%	1,062,000	32.1%	512,000	32.2%	1,864,000	32.8%
Net Income From Operations	(139,000)	-17.6%	(23,000)	-0.7%	(84,000)	5.3%	(246,000)	-4.3%
Membership Dues	135,000	17.1%	0	0.0%	0	0.0%	135,000	2.4%
Net Income Before Fixed Charges (2)	(4,000)	-0.5%	(23,000)	-0.7%	(84,000)	-5.3%	(111,000)	-2.0%

Notes: (1) Each departmental ratio is based on the department's estimated revenue, and does not add to the total departmental ratio.
(2) Net income before other fixed charges, such as rent, property taxes, insurance, interest, amortization, depreciation, and income taxes.
(3) Totals may not add because of rounding.

Source: Pannell Kerr Forster

ESTIMATED SUMMARY OPERATING RESULTS FOR FISCAL YEAR ENDED SEPTEMBER 30, 1993

	OFFICERS' CLUB		MARINERS' CLUB		OCEANS 24 CLUB		TOTAL	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Revenues - Except Dues								
Food	$569,000	69.1%	$1,483,000	42.9%	$780,000	47.0%	$2,832,000	47.7%
Beverage	221,000	26.8%	1,518,000	43.9%	450,000	27.1%	2,189,000	36.8%
Minor Operated Departments	33,000	4.0%	304,000	8.8%	423,000	25.5%	760,000	12.8%
Amusement Commissions	0	0.0%	145,600	4.2%	5,000	0.3%	150,000	2.5%
Other Income	1,000	0.1%	9,000	0.3%	1,000	0.1%	11,000	0.2%
Total Revenues	824,000	100.0%	3,459,000	100.0%	1,659,000	100.0%	5,942,000	100.0%
Departmental Expenses (1)								
Food and Beverage	634,000	80.3%	2,148,000	71.6%	882,000	71.7%	3,664,000	73.0%
Minor Operated Departments	32,000	96.8%	225,000	74.1%	331,000	78.2%	588,000	77.4%
Total Departmental Expenses	666,000	80.8%	2,373,000	68.6%	1,213,000	73.1%	4,252,000	71.6%
Net Departmental Income	158,000	19.2%	1,086,000	31.4%	446,000	26.9%	1,690,000	28.4%
Undistributed Expenses								
Entertainment - Net	16,000	2.0%	69,000	2.0%	33,000	2.0%	118,000	2.0%
Administrative and General	190,000	23.0%	796,000	23.0%	382,000	23.0%	1,368,000	23.0%
Heat, Light, and Power	75,000	9.1%	135,000	3.9%	82,000	4.9%	292,000	4.9%
Repairs and Maintenance	22,000	2.7%	111,000	3.2%	38,000	2.3%	171,000	2.9%
Total Undistributed Expenses	303,000	36.8%	1,111,000	32.1%	535,000	32.2%	1,949,000	32.8%
Net Income From Operations	(145,000)	-17.6%	(25,000)	-0.7%	(89,000)	-5.3%	(259,000)	-4.4%
Membership Dues	141,000	17.1%	0	0.0%	0	0.0%	141,000	2.4%
Net Income Before Fixed Charges (2)	(4,000)	-0.5%	(25,000)	-0.7%	(89,000)	-5.4%	(118,000)	-2.0%

Notes: (1) Each departmental expense ratio is based on the department's estimated revenue, and does not add to the total departmental expense ratio.
(2) Net income before other fixed charges, such as rent, property taxes, insurance, interest, amortization, depreciation, and income taxes.
(3) Totals may not add because of rounding.

Source: Pannell Kerr Forster

Enclosure 4

50 00%DUES :   14-Jul-88   09 48
20 000%PARTICIPATION :<=Sensitivity   TKF STRUCTURE - LMI MODELLING AND SENSITIVITY ANALYSIS
6 500%PRICES : Assumptions
2 000%ESCROW :

CONSOLIDATED STATEMENT OF ESTIMATED ANNUAL OPERATING RESULTS FOR 3 NAVY CLUBS SERVING NAVAL COMPLEX ORLANDO - FISCAL YEARS 1989-1993

	1989		1990		1991		1992		1993	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Revenues - Except Dues										
Food	$2,871,550	47.9%	$3,046,120	47.8%	$3,232,875	47.7%	$3,428,150	47.7%	$3,582,480	47.7%
Beverage	2,188,450	36.5%	2,332,460	36.6%	2,486,990	36.7%	2,651,440	36.9%	2,769,085	36.8%
Minor Operated Departments	777,975	13.0%	823,515	12.9%	870,320	12.9%	919,455	12.8%	961,400	12.8%
Amusement Commissions	146,740	2.4%	158,125	2.5%	169,510	2.5%	182,160	2.5%	189,750	2.5%
Other Income	11,385	0.2%	11,385	0.2%	12,650	0.2%	12,650	0.2%	13,915	0.2%
Total Revenues	5,996,100	100.0%	6,371,605	100.0%	6,771,545	100.0%	7,194,055	100.0%	7,516,630	100.0%
Departmental Expenses (1)										
Food and Beverage	3,555,600	70.3%	3,762,000	69.9%	3,980,400	69.6%	4,207,200	69.2%	4,396,800	69.2%
Minor Operated Departments	572,400	73.6%	604,800	73.4%	639,600	73.5%	675,600	73.5%	705,600	73.4%
Total Departmental Expenses	4,128,000	68.8%	4,366,800	68.5%	4,620,000	68.2%	4,882,800	67.9%	5,102,400	67.9%
Net Departmental Income	1,868,100	31.2%	2,005,005	31.5%	2,151,545	31.8%	2,311,255	32.1%	2,414,230	32.1%
Undistributed Expenses										
Entertainment - Net	95,000	1.6%	100,000	1.6%	107,000	1.6%	114,000	1.6%	118,000	1.6%
Administrative and General	1,090,000	18.2%	1,159,000	18.2%	1,231,000	18.2%	1,307,000	18.2%	1,368,000	18.2%
Heat, Light, and Power	245,000	4.1%	256,000	4.0%	266,000	3.9%	280,000	3.9%	292,000	3.9%
Repairs and Maintenance	144,000	2.4%	149,000	2.3%	156,000	2.3%	163,000	2.3%	171,000	2.3%
Escrow for Cap. Imp.	119,922	2.0%	127,436	2.0%	135,431	2.0%	143,881	2.0%	150,333	2.0%
Total Undistributed Expenses	1,693,922	28.3%	1,791,436	28.1%	1,895,431	28.0%	2,007,881	27.9%	2,099,333	27.9%
Net Income From Operations	174,178	2.9%	213,569	3.4%	256,114	3.8%	303,374	4.2%	314,897	4.2%
Membership Dues	177,000	3.0%	184,500	2.9%	193,500	2.9%	202,500	2.8%	211,500	2.8%
Net Income Before Fixed Charges (2)	351,178	5.9%	398,069	6.2%	449,614	6.6%	505,874	7.0%	526,397	7.0%

Notes (1) Each departmental expense ratio is based on the department's estimated revenue.
(2) Net income before other fixed charges, such as rent, property taxes, insurance, interest, amortization, depreciation, and income taxes
(3) Totals may not add because of rounding

Source Pannell Kerr Forster